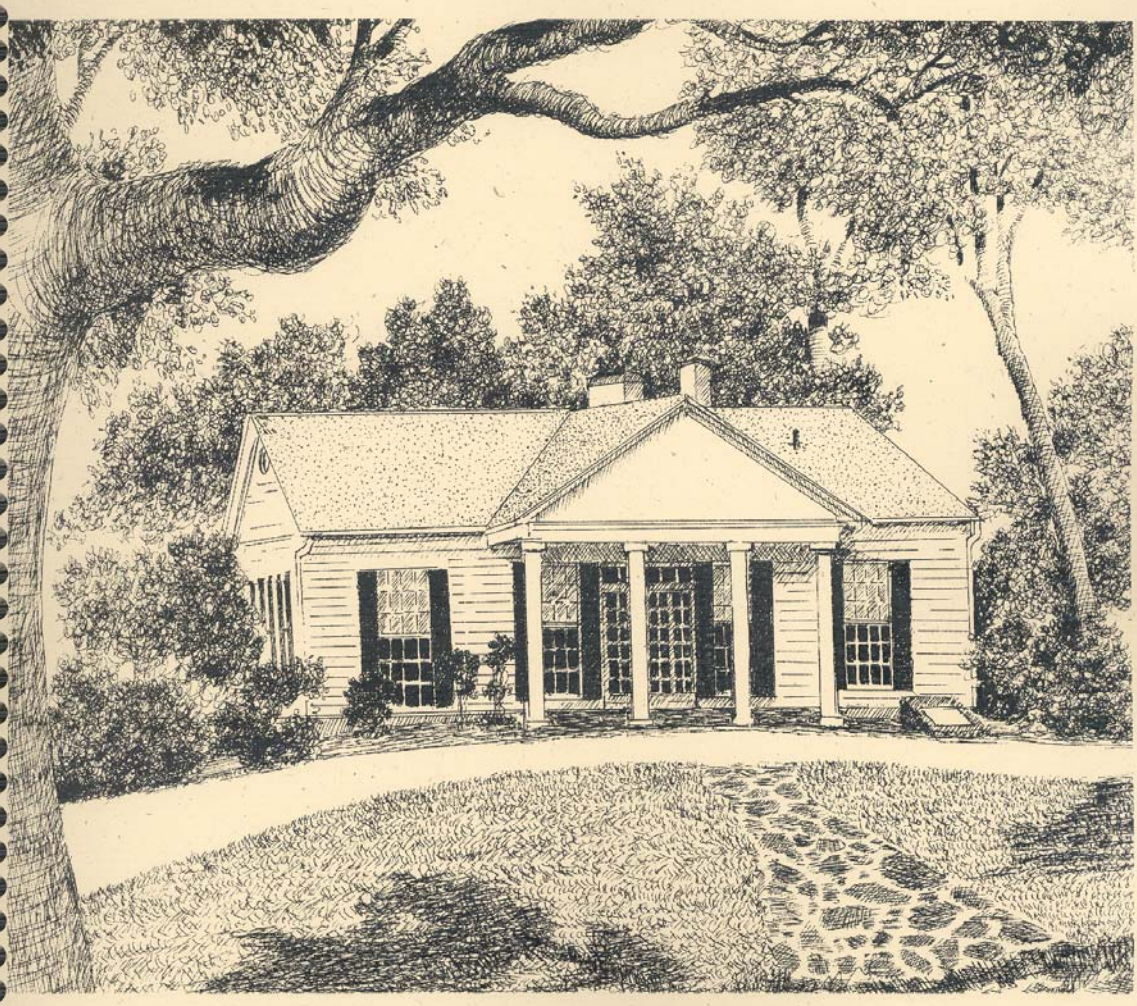
Georgia

Comprehensive Annual Financial Report



June 30, 2002

Georgia

Comprehensive Annual Financial Report June 30, 2002

Prepared by
GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS
RUSSELL W. HINTON, State Auditor

Drawings - Huey J. Theus is employed as the Marketing Director for the Georgia Department of Labor. He is a member of the South Cobb Art Alliance and served as the head of the Art Department at Mount Carmel Christian Church in Decatur, Georgia. His portfolio contains color-lithographed prints, pen and ink drawings and paintings, which have won various awards, including a Georgia State Senate resolution honoring his work.

Cover - The Little White House – Franklin Delano Roosevelt built the Little White House in 1932, while governor of New York, prior to being inaugurated as president in 1933. He first came to Warm Springs in 1924 hoping to find a cure for the infantile paralysis (polio) that had struck him in 1921. On April 12, 1945, FDR suffered a massive stroke while his portrait was being painted and died a short while later. Today, the "Unfinished Portrait" is a focal point of the Little White House.

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Georgia

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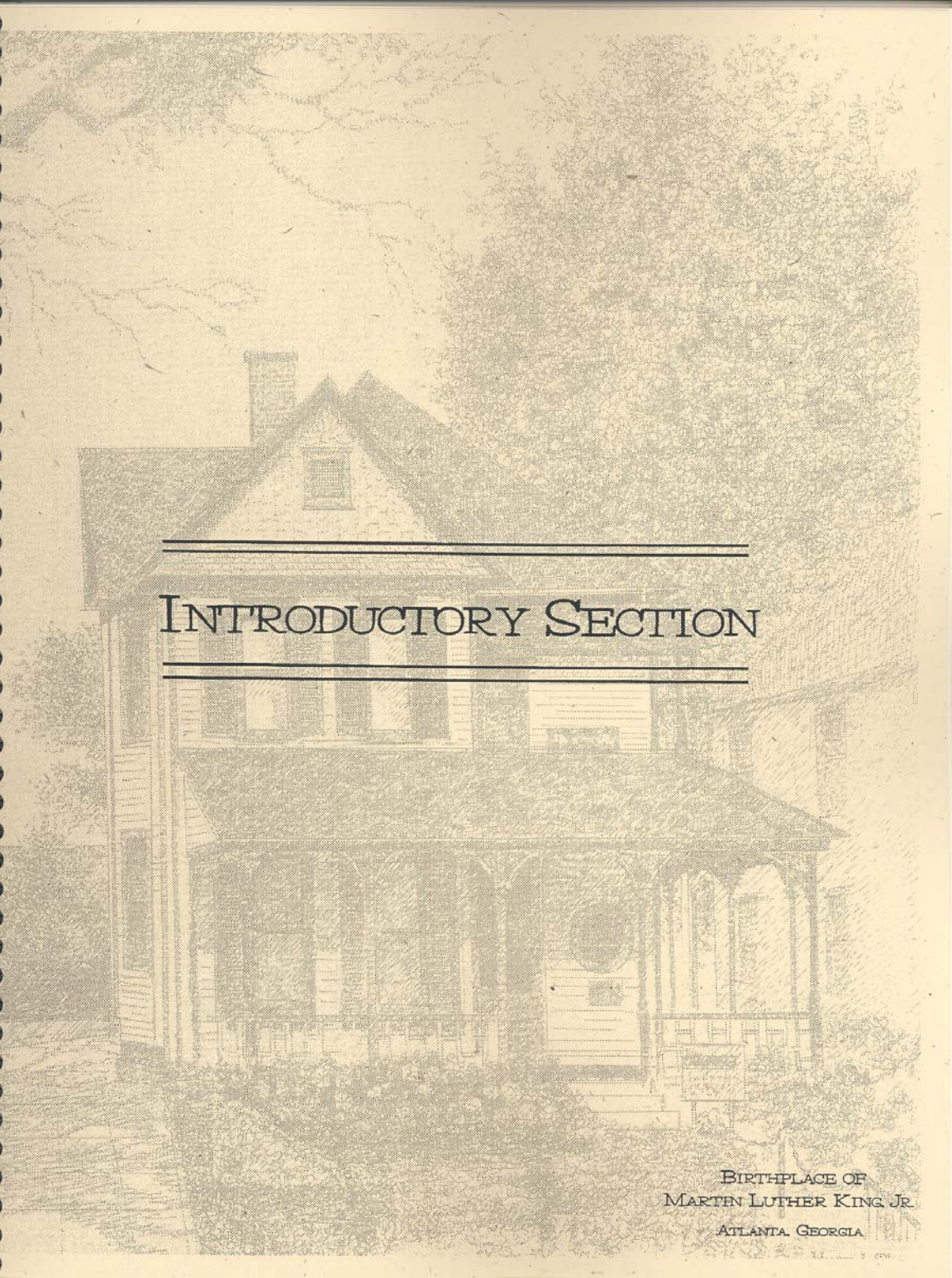


Birthplace of
Martin Luther King, Jr.
Atlanta, Georgia

DEPARTMENT OF AUDITS AND ACCOUNTS

254 Washington Street, S.W., Suite 214

Atlanta, Georgia 30334-8400

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

June 4, 2003

The Honorable Sonny Perdue
Governor of Georgia
and
Members of the General Assembly
Citizens of the State of Georgia

The Comprehensive Annual Financial Report (CAFR) of the State of Georgia for the year ended June 30, 2002, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, an organization chart and a listing of principal officials. The Financial Section includes the auditor's report on the Basic Financial Statements, Management's Discussion and Analysis, the Basic Financial Statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds, and component units, together with notes to the Basic Financial Statements, and Required Supplementary Information. The Statistical Section provides a history of financial and demographic information.

This CAFR has been prepared in conformance with the new Governmental Accounting Standards Board (GASB) statements 34 and 35. These statements, redefining accounting and reporting standards, have impacted the State's revenue and expenditure recognition and changed the way the State reports assets, liabilities, and fund equity. Because this report has been prepared using the new financial reporting model, much of the information in this report is not comparable to prior years; however, over time, this new reporting model will provide valuable information that will enable citizens and decision makers to better understand the long-term financial position of the State.

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement MD&A and should be read in conjunction with it. The State of Georgia's MD&A can be found immediately following the auditor's report.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards.*

This Comprehensive Annual Financial Report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and funds of Georgia state government which constitute the State financial reporting entity are included in the Comprehensive Annual Financial Report in accordance with criteria established by the Governmental Accounting Standards Board. These criteria define the financial reporting entity as the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations which make up its legal entity and for legally separate organizations if its officials appoint a voting majority of the organization's governing board and either the primary government is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific burdens on the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent upon it.

The State of Georgia provides a variety of governmental services as set forth in its Constitution and statutes. These services include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

ECONOMIC CONDITION AND OUTLOOK

Sectoral Paradox

Measured by output, the U.S. recession began in the first quarter of 2001 and was over by the last quarter. Although down by a cumulative one percent in the first three quarters, gross domestic product (adjusted for inflation) increased by almost 3 percent in the fourth quarter. For the year ending June 30, 2002, U.S. output climbed by 2.2 percent and reached a level 1.6 percent higher than its pre-recession peak in the fourth quarter of 2000. In Georgia's economy, there was also easing and recovery. Personal income (adjusted for inflation) fell below its year-ago level in the third quarter of 2001. However, in the fourth quarter, it rose again. By the middle of 2002, Georgia's personal income had increased to a level 2.2 percent above that of a year earlier and, like U.S. gross domestic product, stood 1.6 percent above its pre-recession high. Despite revivals in growth in output and income, revenues flowing to the Georgia state government ("the State") in the fiscal year (FY) ending in June of 2002 showed no resurgence. Instead, collections by the State, about 90 percent from sales and income taxes, fell below year-ago levels in each of the twelve months of the fiscal year. At the end of FY 2002, consequently, net revenues were below those of FY 2001 by $684 million or 4.7 percent. Ostensibly, this decline was the first since

a 3.4 percent drop in FY 1953. When price-adjusted, however, net revenues prove to have slipped below prior-year levels in eight of the recessions which occurred in the forty-nine intervening years. Nonetheless, the 6 percent decrease in the State's "real" revenues in FY 2002 was the largest decline since a 10 percent fall in FY 1975. Because the drop in revenues in FY 2002 occurred while tax-related activity in both the national and the state economies was strengthening, the malady currently emerging among states, "structural imbalance," perhaps had infected Georgia as well.

Sectoral Consistence

Although the State's failure to "share" in the national and state growth appears paradoxical, a sequential examination of the three interrelated economies uncovers a basic consistency. It also provides a foundation on which the economic outlook for FY 2003 can be built.

The U.S. economy. Growth in gross domestic product during the year ending in June of 2002 approached that in 2000, the last year of the boom of the nineties. Nevertheless, labor used in production in the two periods did not grow at a common rate. During 2000, non-agricultural employment in the United States increased by 1.5 percent. In the year ending in the second quarter of 2002, in contrast, the level of non-agricultural employment dropped by 1.3 percent. Among goods-producing industries, the comparison was even more striking. Employment rose by 1.1 percent in 2000 but fell by 5.3 percent in the twelve months ending in June of 2002. The slippage in employment in the latter year undergirded a decrease in aggregate wages and salaries of 1.6 percent. As attested to by a 10.6 percent slide in the Conference Board's index of consumer sentiment, U.S. households probably felt that the loss in jobs they were witnessing signaled continuing recession. Understandably, the good news of the advances of gross domestic product was not enough to overwhelm.

The nation's output could have climbed while its employment sank only if capital were being substituted for labor or if capital or technology were boosting labor's productivity. Significantly, business investment fell at an annual rate of 3.7 percent throughout the year ending in middle 2002. Consequently, growth in available capital was not driving substitution. Moreover, the rate of utilization of the productive capacity of capital already in place fell from 77 to 76 percent between June of 2001 and June of 2002. Instead of being absorbed, capital was then being released. Accordingly, the growth in U.S. output most likely depended upon a better usage of the lesser amounts of labor. In fact, output per hour in June of 2002 was higher than in June of 2001 by 4.9 percent. This productivity gain exceeded the cumulative improvement achieved over the prior two years. Moreover, the gain was double that of 1991-1992, the first stage of the recovery from the 1990 recession.

The Georgia economy. Since the reports of Georgia's gross state product are neither as frequent nor as timely as those of U.S. gross domestic product, increments in Georgia's personal income (adjusted for inflation) served as a proxy for those in output in the preceding discussion. Admittedly, the representation was not perfect. Although quarterly measures of gross state product and price-adjusted personal income exhibit a close and stable relationship over time, personal income does count transfer payments (like social security and unemployment insurance) which have no direct output reflection and, at the same time, neglects corporate profits and inventory changes which have direct linkages to output. The indicated inclusion would typically boost personal income by 10 to 12 percent and perhaps would add more during the early stages of a recovery. The indicated exclusion would usually constitute 7 to 9 percent of gross state product but might be less at the trailing edge of recession. From June of 2001 to June of 2002, both the inclusions and the exclusions displayed a weak upward trend. To reduce their distortions, a better reflection of output would be state net earnings. Although narrower in scope than personal income, net earnings avoids mixing "money" and "production" income. It adds to wages and

salaries the amounts of proprietors' and other labor incomes. When quarterly net earnings and gross state product are viewed together over the past twenty years, an even closer relationship emerges than the one cited for personal income.

For the year ending in June of 2002, Georgia's net earnings (adjusted for inflation) went up by 1.2 percent. While less than the corresponding gain in U.S. output of 2.2 percent, the choice of proxy is not of account. Rather, the principal reason for deviation is the exaggerated reduction of labor usage in Georgia as compared with the U.S. economy. Non-agricultural employment in Georgia slipped by 2.2 percent from middle 2001 to middle 2002 whereas that in the United States eased by only 1.0 percent in the same period. More telling, non-agricultural employment in Georgia in June of 2002 was 3.3 percent below its level at the boom's end in 2000. For the U.S., the decrease was just 0.1 percent. Importantly, the decline in Georgia was also the more pervasive. Except for government, employment in each of the state's major industries in June of 2002 had fallen below its level in June of 2001. The percentage decreases varied from 1.1 percent in manufacturing to 6.7 percent in transportation and public utilities. Unlike the gain in its U.S. counterpart, employment in services shrank as well. In the Metro-Atlanta area, which accounts for about 55 percent of the state's employment, the shrinkages were as much as 150 percent of those seen across the state. Whereas Georgia had been a national leader among the states in employment gains during the expansion of 1995-2000, it had by the middle of 2002 dropped precipitously to fiftieth or forty-ninth place in terms of growth in employments in retail and wholesale trade, services, transportation and public utilities, and in non-agricultural industries as a group.

With employment in Georgia in June of 2002 only 97.8 percent of employment in June of 2001, output's climb to 101.2 percent of its year-earlier level has to reflect a combined increase in hours worked and productivity of 103.5 percent. Measures of increase in this combination are not available for the state. In private industries in the United States in the same period, however, hours rose by 0.3 percent and average hourly earnings climbed by 3.2 percent. Were these changes close to those occurring in Georgia, a "compensated productivity" increase equal to the implicit productivity gain of 3.5 percent mentioned above would have been registered. Such an increase would also be affirmed by adding an increase of 2.9 percent in worker benefits (United States) to the 2.2 percent advance in wages and salaries which has been reported for Georgia.

In total, the output gain in Georgia from June of 2001 to June of 2002 was lower than that for the United States in the same period. The deviation was a reflection of a more marked and pervasive decline in employment in Georgia and, it appears, of a slightly lower rate of gain in productivity in the state. The characteristics of the state's markets which could account for these divergences has not been investigated.

The State sector. Although the State reaches into the private economy of Georgia with a host of taxes and fees, roughly 90 percent of its net revenues are generated by taxes on sales and on income. Therefore, it is not surprising that net revenues would be aligned with gross state product and, even more closely, with personal income. Of course, the State's tax base is much narrower than either of these economic aggregates. Sales taxes are applicable, in the main, to durables and non-durables purchased by individuals and businesses; income taxes apply to the net incomes of households and businesses after exclusion of shielded amounts. Over the past thirty years, the relationship between net revenue and personal income has changed little. In fact, the ratio of revenues to income, an indicator of "tax stability", has varied between 6.4 percent (FY 1974) and 5.7 percent (FY 1992). In FY 2002, the ratio returned to the 5.7 percent lower bound of FY 1992. Significantly, revenues in FY 1992 had climbed by 1.4 percent, but, in FY 2002, they fell by 4.7 percent.

Since the state's personal income climbed by 3.5 percent in FY 2002, the potential for spending out of current income also increased. Yet, sales taxes fell by 9.1 percent. Mostly to blame were slumping business purchases. In particular, spending on structures and on equipment and software fell in each quarter of the year. By the end of FY 2002, spending on structures had fallen by 18.7 percent and spending on equipment and software by 8.8 percent.

Within personal income, net earnings rose by 2.5 percent in FY 2002 and wage and salaries advanced by 2.2 percent. Though current taxable incomes then increased, individual income taxes decreased by 3.0 percent. Of account, were sharp reductions in capital gains (not a part of personal income), higher refunds on weakened incomes in tax-year 2001, and lowered advance payments to cover expected tax liabilities in tax-year 2002.

Although business spending did not respond, corporate profits, which were markedly depressed in FY 2001, exhibited a weak upward trend throughout FY 2002. At year's end, profits were roughly one percent higher than at the year's beginning. Corporate tax liability increased slightly as well. Nevertheless, the State's corporate income tax collections in FY 2002 fell 11.5 percent below those of the prior year. Although profits and liabilities rose, their levels remained well below those in FY 2001.

In summary, the State has not been shut out of the growth process marking both the national and the state economies in FY 2002. The gains in personal income have buoyed consumer spending on goods and (some) services included in the sales tax base. However, since the growth in output has not depended on any net business expansion in capacity, growth in taxable business expenditures has been slight. Similarly, the State has claimed a portion of the rise in wage and salaries through the individual income tax. However, the severe depression of capital gains, not a part of personal income, together with a carryover of refunds related to a weak tax-year 2001 and a taxpayer discounting of liability in tax-year 2002 have combined to push individual income taxes downward. Corporate profits, like wages and salaries, have shown a clear within-year uptrend. Corporate tax liabilities have risen in step. However, in view of the sharp slippage in liability levels in FY 2001, even the bolstered income tax liabilities of FY 2002 have not reached to the levels exhibited in FY 2001.

Overall, consequently, the State appears not to have been infected with "structural imbalance" in the sense of suffering a disconnect from the private economy. However, the output gains from raised productivity have imposed losses in growth in employment and these losses have had a more direct impact on the State's collections than have increments in personal income or state gross product.

Outlook

Until business purchases increase and employment levels rise, revenue flows to the State will remain constrained. In FY 2003, nevertheless, the magnitude of revenue decline will shrink. For sales taxes, the gradual gains tied to slowly advancing net earnings will be supplemented by a slow revival of business purchases. Equipment and structures gradually age and obsolesce and improved profits provide inducements to replace and to augment. For individual income taxes, the productivity-linked gains in wages and salaries (and benefits) will add to tax liabilities even before net hiring adds to the workforce. Also, the impacts of weak past tax-years and unpromising future tax-years will fade. For corporate income taxes, the upward trend in profits and liabilities, while feeble and volatile, points toward modest gains. In the aggregate, the State's revenues in FY 2003 will slip below those of FY 2002, the second negative revenue change in as many years. But, by FY 2004, enlivened growth in output and in labor absorption will develop in the national and state economies. In that year, there will no longer be any behavioral paradox or "imbalance." The State will "share" in the full-blown recovery and expansion.

MAJOR INITIATIVES

Education
Georgia's Pre-Kindergarten (Pre-K) program is the largest and most comprehensive pre-kindergarten program serving four-year-olds and their families of any state in the country, and continues to be a model for the rest of the nation. Funded from lottery proceeds, the Pre-K program is designed to provide valuable school-readiness services to children at both public and private pre-kindergarten sites throughout the State.

Air Quality Improvement
Due to the failure of the metropolitan Atlanta area to meet mandatory federal air quality standards, a rigorous air improvement plan has been developed for metropolitan Atlanta to attain the ozone standard by the year 2004. A continued failure to meet federal air quality standards threatens the health of Georgians and has jeopardized the federal funding for Georgia, which could seriously impact the State's future economic growth and development. The air improvement plan currently includes such alternatives as telecommuting and improved mass transit, keeping metro Atlanta an attractive place for business locations and ensuring its continued strength as a business center into the next millennium.

Crime Victims Compensation Program
The Georgia Crime Victims Compensation Program was established to provide financial assistance to innocent victims of violent crime. During the fiscal year, the program received 2,372 claims and provided financial assistance to more than 1,700 victims and their families. In addition, crime victims were awarded $4.6 million during the fiscal year.

Victims may be eligible for assistance with incurred medical, mental health counseling, and funeral expenses or loss of economic support, as a result of the crime. Victims can be compensated for out of pocket expenses up to a maximum of $10,000.

Motor Vehicle Safety
The Department of Motor Vehicle Safety was established during the 1999-2000 legislative session, and by executive order became an entity on July 1, 2001. The department's mission is to modernize and continuously improve the way Georgia conducts motor vehicle safety business, emphasizing customer service and convenience. Funds were allotted for the inception of an automated drivers license renewal system that will provide the citizens of Georgia the option of renewing their licenses via the Internet, telephone or mail-in. Based on current figures, it is estimated that the automated renewal system will comprise 30 percent of all renewed licenses.

State Health Care Fraud Control
The State Health Care Fraud Control Unit's function is to identify and arrest individuals who commit Medicaid-provider fraud. The Health Care Fraud Unit is a joint venture between the Georgia Bureau of Investigation (GBI), the Attorney General's Office and the Department of Audits. Since its inception, in March 1995, the unit has opened 1,043 cases; currently there are 127 active cases. During the fiscal year, the unit recovered $26.1 million with another $16.8 million to be paid to the Georgia Medicaid Program.

Environment
In July 2005, DaimlerChrysler Corporation is slated to open the first new automotive plant in Georgia for the past 56 years. This assembly plant, the largest industrial plant to ever locate in the State, will

create an estimated 3,300 new jobs and will produce utility vans for commercial transportation. Economic impact studies indicate that as many as 10,000 additional jobs would be created as a result of the plant's location in South Georgia.

Public Safety
Georgia's Governor recently instituted steps for the State's "Response to Terrorism". Positions, working with the Homeland Security Task Force, were created expressly to work with the local governments, and other State agencies to assess the critical infrastructure needs of the State.

FINANCIAL INFORMATION

Internal Controls
Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls
The objective of budgetary control is to ensure compliance with legal provisions embodied in the General Appropriations Act enacted by the General Assembly. Annual appropriated budgets are adopted at the departmental level and are applicable to the general, debt service and capital projects funds. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by the Constitution or statute. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency. The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.

The State of Georgia Report of the State Auditor is issued annually by the undersigned prior to the issuance of this report. The sole purpose of the Report of the State Auditor is to provide the General Assembly with information concerning financial compliance with the Amended Appropriations Act for the fiscal year. In contrast to issuing financial statements in accordance with generally accepted accounting principles, the financial statements presented in the Report of the State Auditor are reported in conformity with statutory requirements.

Proprietary Operations
The State maintains various proprietary funds which account for ongoing activities and organizations that are similar to those found in the private sector. Proprietary funds include such primary government activities as the Georgia Building Authority and the service centers of the Department of Administrative Services. Discretely presented component unit proprietary funds include, among others, the Georgia Ports Authority and the George L. Smith II Georgia World Congress Center Authority.

Pension Trust Funds
Total net assets of the State's pension plans reached $51,265,345,489 by June 30, 2002. The State's major pension plans are the Employees' Retirement System of Georgia and the Teachers Retirement System of Georgia. Financial activities of the pension trust funds (excluding the Regents Retirement Plan, which is included with the financial activity presented within the proprietary fund – Higher Education) are presented in fund level financial statements for fiduciary funds. Additional disclosures relating to the State's pension funds are provided in Note 15 to the basic financial statements.

Debt Administration
The Georgia State Financing and Investment Commission, an agency of the State, is empowered by law to receive the proceeds from the issuance of State of Georgia general obligation and guaranteed revenue debt from the State, to provide the means for the proper application of the proceeds of such debt, and to establish the procedure for protecting the holders of such debt. Under the Constitution of the State of Georgia, the highest aggregate annual debt service for all outstanding general obligation and guaranteed revenue debt may not exceed 10 percent of the previous fiscal year's revenue collections. At June 30, 2002, outstanding general obligation debt issues of the State of Georgia totaled $6,058,295,000. Outstanding revenue bonds of certain blended and discretely presented component units totaled $1,564,190,657, of which $532,109,662 are guaranteed by the State of Georgia.

Further detailed information on outstanding bonds is reflected in the Financial Section, Notes to the Financial Statements and Statistical Section of this report.

Cash Management
The State's investment policy is to maximize the protection of State funds on deposit while accruing an advantageous yield of interest by investing the funds in excess of those required for current operating expenses. Cash is managed in pooled funds to maximize interest earnings. Types of investments are dictated by legislation and are reviewed quarterly.

Risk Management
The State assumes substantially all risks associated with the following:

- Claims of covered employees for medical insurance and group life insurance benefits;
- Claims with respect to death or permanent disability of any law enforcement officer, fireman, or prison guard in the line of duty (limited to a five year disbursement totaling $75,000 or an immediate lump sum settlement of $65,221 per occurrence);
- Claims of covered employees for workers' compensation benefits;
- Claims of State employees for unemployment compensation benefits;
- Liability claims against employees of the University System of Georgia; and

- Liability claims in connection with abatement and removal of asbestos and other hazardous materials.

The State also purchases commercial insurance coverage and self-insures to cover risks associated with the following:

- State owned real and personal property;
- Liability claims actionable under the law which parties may file against the State, its agencies, officials, employees or appointees;
- Liability claims against State authorities arising from their operations; and
- Honesty and faithful performance bonds on employees.

Various risk control techniques are utilized to minimize accident-related losses. These techniques include safety inspections, assistance in establishing safety programs, training and certification of employees as American Automobile Association instructors, and maintenance of an extensive safety library.

OTHER INFORMATION

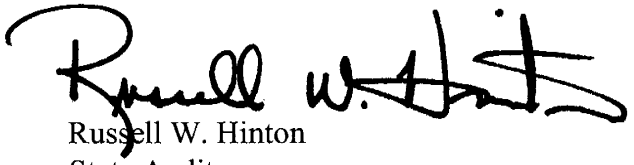
Independent Audit

The financial statements of all organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The accompanying financial statements for the State of Georgia have been prepared from the results of those examinations. The State Auditor's opinion thereon appears at the beginning of the Financial Section of this report.

Compilation of Transmittal Letter

This transmittal letter has been compiled utilizing information contributed by various State management sources.

Respectfully submitted,



Russell W. Hinton
State Auditor

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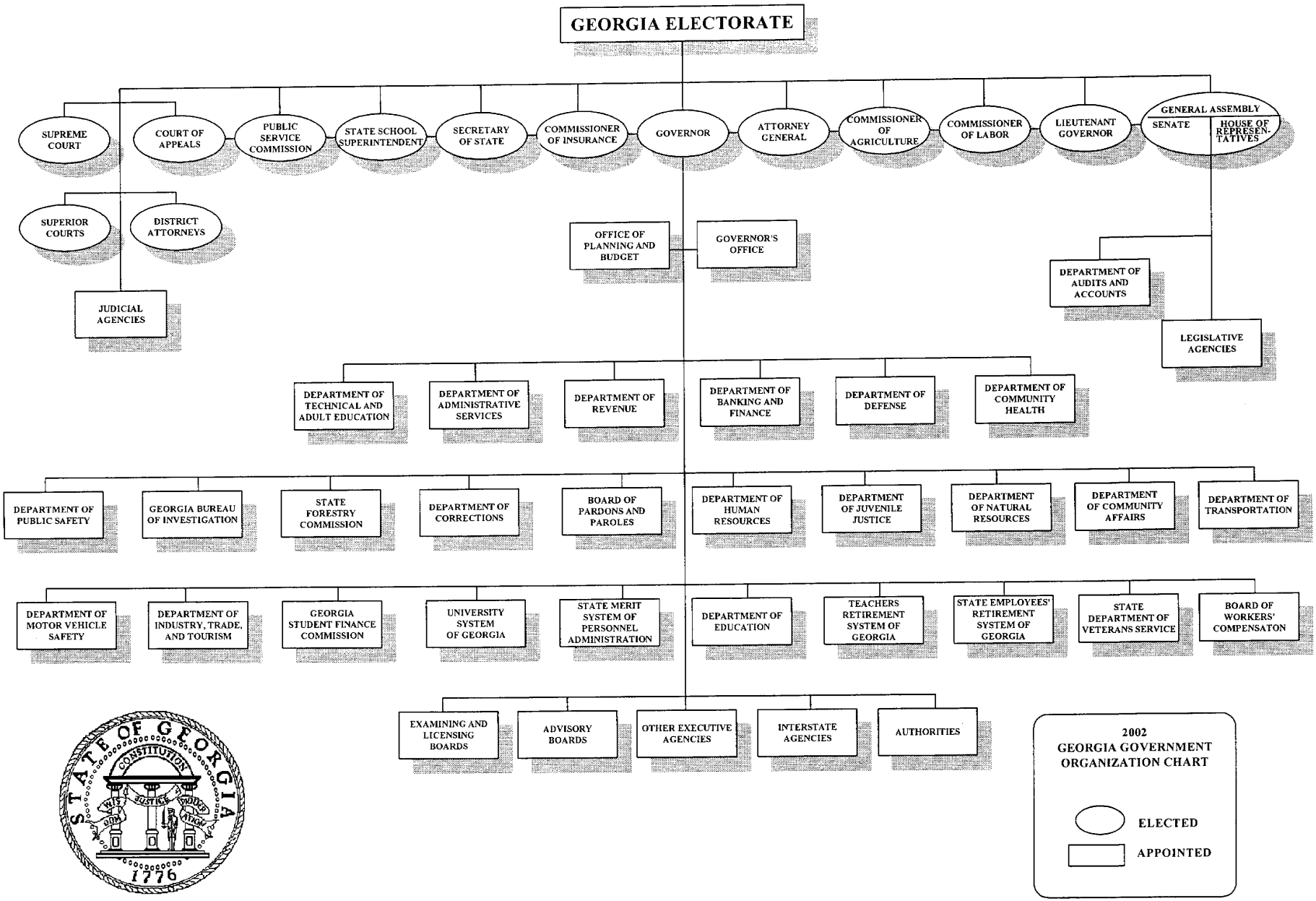
GEORGIA ELECTORATE
SUPREME COURT
COURT OF APPEALS
PUBLIC SERVICE COMMISSION
STATE SCHOOL SUPERINTENDENT
SECRETARY OF STATE
COMMISSIONER OF INSURANCE
GOVERNOR
ATTORNEY GENERAL
COMMISSIONER OF AGRICULTURE
COMMISSIONER OF LABOR
LIEUTENANT GOVERNOR
GENERAL ASSEMBLY
SENATE
HOUSE OF REPRESEN-TATIVES
SUPERIOR COURTS
DISTRICT ATTORNEYS
JUDICIAL AGENCIES
OFFICE OF PLANNING AND BUDGET
GOVERNOR'S OFFICE
DEPARTMENT OF AUDITS AND ACCOUNTS
LEGISLATIVE AGENCIES
DEPARTMENT OF TECHNICAL AND ADULT EDUCATION
DEPARTMENT OF ADMINISTRATIVE SERVICES
DEPARTMENT OF REVENUE
DEPARTMENT OF BANKING AND FINANCE
DEPARTMENT OF DEFENSE
DEPARTMENT OF COMMUNITY HEALTH
DEPARTMENT OF PUBLIC SAFETY
GEORGIA BUREAU OF INVESTIGATION
STATE FORESTRY COMMISSION
DEPARTMENT OF CORRECTIONS
BOARD OF PARDONS AND PAROLES
DEPARTMENT OF HUMAN RESOURCES
DEPARTMENT OF JUVENILE JUSTICE
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF COMMUNITY AFFAIRS
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF MOTOR VEHICLE SAFETY
DEPARTMENT OF INDUSTRY, TRADE, AND TOURISM
GEORGIA STUDENT FINANCE COMMISSION
UNIVERSITY SYSTEM OF GEORGIA
STATE MERIT SYSTEM OF PERSONNEL ADMINISTRATION
DEPARTMENT OF EDUCATION
TEACHERS RETIREMENT SYSTEM OF GEORGIA
STATE EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
STATE DEPARTMENT OF VETERANS SERVICE
BOARD OF WORKERS' COMPENSATON
EXAMINING AND LICENSING BOARDS
ADVISORY BOARDS
OTHER EXECUTIVE AGENCIES
INTERSTATE AGENCIES
AUTHORITIES
STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776
2002
GEORGIA GOVERNMENT
ORGANIZATION CHART
ELECTED
APPOINTED

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Principal State Officials
June 30, 2002

Executive:

Roy E. Barnes
Governor

Cathy Cox
Secretary of State

Thurbert E. Baker
Attorney General

Michael L. Thurmond
Commissioner of Labor

Linda C. Schrenko
State Superintendent of Schools

John W. Oxendine
Commissioner of Insurance

Thomas T. Irvin
Commissioner of Agriculture

David L. Burgess, Chairman
Robert "Bobby" Baker, Jr.
Lauren "Bubba" McDonald, Jr.
Earleen Sizemore
Stan Wise
Public Service Commission

Legislative:

Mark Taylor
Lieutenant Governor/President of the Senate

Thomas B. Murphy
Speaker of the House of Representatives

Judicial:

Norman S. Fletcher
Chief Justice of the Supreme Court

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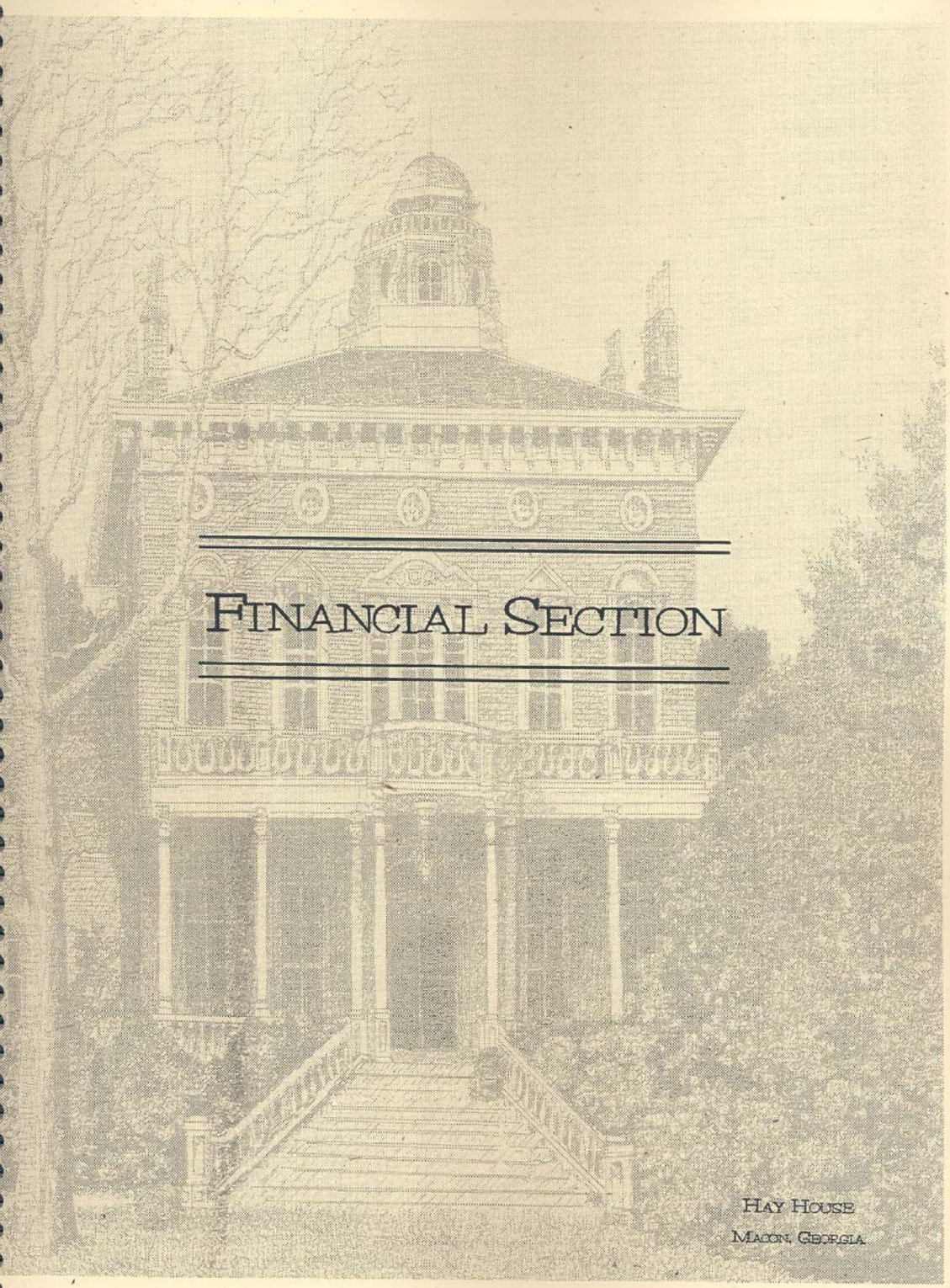


Financial Section

Hay House
Macon, Georgia

DEPARTMENT OF AUDITS AND ACCOUNTS

254 Washington Street, S.W., Suite 214

Atlanta, Georgia 30334-8400

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue
Governor of Georgia
and
Members of the General Assembly
of the State of Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregated remaining fund information of the State of Georgia as of and for the year ended June 30, 2002 which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	15%	1%
Business-Type Activities	10%	34%
Aggregate Discretely Presented Component Units	70%	88%
General Fund	10%	21%
Georgia State Financing and Investment Commission	100%	100%
State Employees' Health Benefit Plan	100%	100%
Higher Education	---	---
Georgia Technology Authority	---	---
Unemployment Compensation Fund	---	---
Aggregate Remaining Fund Information	87%	14%

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for those financial statements, is based solely upon the reports of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Employees' Retirement System of Georgia, Georgia General Assembly, Georgia Lottery Corporation, Georgia Ports Authority, and Teachers' Retirement System of Georgia were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The State of Georgia's accounting system is decentralized in nature. The management of each organizational unit is responsible for maintaining accounting records pertinent to its operations and each retains complete responsibility and control over their operations, including revenue collections and disbursements. The State's principal accounting system, the Phoenix System, is utilized, in whole or in part, by 78 state organizations. This accounting system allows for the accumulation of financial data, by state organization, on a basis of accounting prescribed or permitted by the budgetary statutes and regulations of the State of Georgia. Constitutional and statutory provisions of the State of Georgia do not provide for a position or organizational unit responsible for the preparation of statewide financial statements. It was necessary for staff of the Department of Audits and Accounts to consolidate financial information presented in individual organization financial statements and to prepare adjusting journal entries necessary for the production of the basic financial statements. We are therefore not independent with regard to the preparation of accounting entries required to convert the consolidated budgetary financial statements to basic financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

As discussed in Notes 8 and 9 to the basic financial statements, the State of Georgia did not maintain adequate systems to identify, classify, and report leases as operating or capital leases in conformity with accounting principles generally accepted in the United States of America. We were unable to determine the effect of these limitations on the financial statements.

As discussed in Note 1F to the basic financial statements, the State of Georgia did not maintain adequate systems to document and report cost of state-owned land in conformity with accounting principles generally accepted in the United States of America. We were unable to determine the effect of these limitations on the financial statements.

Apparent misappropriations of Georgia Technology Authority assets and other undocumented expenses were discovered in the Telecom Division operations. The possible outcome of these matters, which have been reported to appropriate state officials, is uncertain at this time. Accordingly, no provisions have been made in the financial statements for the resolution of these matters.

As discussed in Note 1D to the basic financial statements, the State of Georgia maintained certain pension trust funds on essentially the cash basis of accounting. This basis of accounting is not in conformity with accounting principles generally accepted in the United States of America. We were unable to determine the effect of this departure from accounting principles generally accepted in the United States of America on the financial statements.

In our opinion, based on our audit and the reports of other auditors, except for the effects of not maintaining adequate systems to account for leases and land for the governmental activities as described in aforementioned paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the State of Georgia, as of June 30, 2002, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the limitation on the scope of our audit of the Georgia Technology Authority as described in an aforementioned paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Georgia Technology Authority of the State of Georgia, as of June 30, 2002, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, except for the effects of maintaining certain pension trust funds on essentially the cash basis of accounting for the aggregated remaining fund information as described in an aforementioned paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregated remaining fund information of the State of Georgia, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the aggregated discretely presented component units, the general fund, the Georgia State Financing and Investment Commission, the State Employees' Health Benefit Plan, Higher Education, and the Unemployment Compensation Fund of the State of Georgia as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the general fund reflect accounts payable in the amount of $731,810,094 which represents the State of Georgia's liability for teachers salaries earned before June 30, 2002, but not paid until July and August, 2002. State appropriations for the subsequent fiscal year were available for obligation even though the period to which the appropriation applied had not begun. The recognition of this liability at June 30, 2002, however, is not in accordance with generally accepted accounting principles as promulgated by Governmental Accounting Standards Board (GASB) Statement 33 because the subsequent fiscal year had not begun. We believe, however, the omission of this liability would cause the financial statements of the State of Georgia to be misleading.

As discussed in Note 2 to the basic financial statements, the State of Georgia implemented GASB Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement Number 35, *Basic Financial Statements -and Management's Discussion and Analysis- for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement Number 38, *Certain Financial Statement Note Disclosures*. This resulted in changes to the format and content of the financial statements.

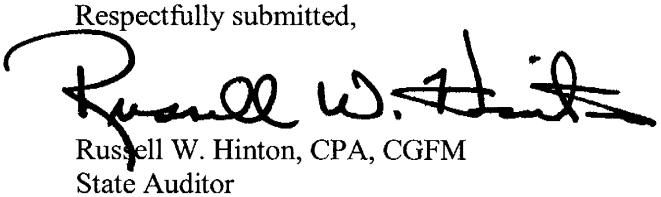
In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2003, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunctions with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 16, the schedule of funding progress for the Employees' Retirement System of Georgia on page 91, and the budgetary comparison schedule and accompanying notes on pages 92 through 96 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The combining statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections as listed in the table of contents have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

June 4, 2003 and
June 9, 2003 as to Note 13b, paragraph 2

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Georgia provides this *Management's Discussion and Analysis* of the State of Georgia's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Georgia is for the fiscal year ended June 30, 2002. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found in the Introductory Section of this report, and with the State's financial statements, which follow this narrative.

Beginning this fiscal year, the State of Georgia is implementing new reporting standards established by the Governmental Accounting Standards Board (GASB). Because these new standards significantly changed the content and structure of the financial statements, this discussion and analysis provides few comparisons with the previous fiscal year. However, in future fiscal years, comparisons will be available to assist the reader in understanding the State's financial position and results of operations.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide
The assets of the State exceeded its liabilities at the close of the fiscal year by $21.3 billion (reported as *"net assets"),* a decrease of $513 million from the previous year. Of this amount, $5 billion (reported as *"unrestricted net assets")* may be used to meet the State's ongoing obligations to citizens and creditors. Component units of the State reported net assets of $2 billion for fiscal year ending June 30, 2002.

Fund Level
Governmental Funds – As of the close of the current fiscal year, the State's governmental funds reported a combined ending fund balance of $6.5 billion, with $2.5 billion representing the *unreserved fund balance* and the remaining amount of $4 billion reserved for specific purposes, such as debt service and motor fuel taxes. At the end of the fiscal year, unreserved fund balance for the General Fund was $659 million, or 2.9 percent of total General Fund expenditures.

Proprietary Funds – Net assets at the end of fiscal year 2002 totaled $7 billion, which represents an increase of $4 million during the fiscal year.

Long-term Liabilities
Long-term liabilities totaled $6.6 billion at June 30, 2002. Most of these liabilities consist of (1) the net difference between general obligation debt issuances and payments of outstanding debt during the fiscal year, and (2) the calculated amount for unused accumulated annual leave due employees when they retire or terminate employment, totaling $387 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Georgia's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements
The government-wide financial statements are designed to provide readers with a broad overview of the

State of Georgia's finances, in a manner similar to the private sector. These financial statements provide both short-term and long-term information about the State's financial status, which assists in assessing the State's financial condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements:

The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets may serve as a useful indicator of whether the State's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements report three activities:

Governmental Activities – Taxes and intergovernmental revenues principally fund the activities reported within this section. The majority of the State's basic services fall under this activity including general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, and conservation.

Business-Type Activities – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the Unemployment Compensation Contributions and Benefits Fund (by the Georgia Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health), the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Georgia Department of Technical and Adult Education) and the operations of the Georgia Technology Authority, which is primarily responsible for the procurement of technology resources, technology enterprise management and technology portfolio management of certain public information maintained in electronic format for the public.

Discretely Presented Component Units – These are legally separate organizations for which the State has financial accountability. Financial information for these component units is reported separately from the financial information presented for the primary government. For the most part, these entities operate similar to private sector businesses and the business-type activities described above. The State's most significant discretely presented component units are Georgia Development Authority, Georgia Environmental Facilities Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, Georgia Ports Authority, Georgia Public Telecommunications Commission, State Road and Tollway Authority, Stone Mountain Memorial Association, Georgia Student Finance Authority, and the Geo. L. Smith II Georgia World Congress Center Authority.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government, reporting the State's operations in more detail than the government-wide statements. All of the funds of the State of Georgia can be divided into

three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the State are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on short-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State of Georgia maintains eight individual governmental funds. The State's two major governmental funds are the General Fund and the capital projects fund containing the Georgia State Financing and Investment Commission (GSFIC). Information for each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the remaining six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide statements.

Proprietary Funds – The State of Georgia maintains two different types of proprietary funds. When the State charges customers for the services it provides, whether to customers outside the State of Georgia reporting entity (*enterprise funds*) or to other organizations within the reporting entity (*internal service funds*), these services are reported in proprietary funds.

The State of Georgia uses internal service funds to account a variety of supportive services to all state organizations and, upon request, to local governments within Georgia. Examples of these services include purchasing, surplus property, printing, motor pool and building space management, constructing and maintaining State office buildings, and operating parking facilities. The internal service funds benefit both the governmental functions and the business-type functions, and have been proportionately included within the governmental activities and the business type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting, thus, no reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The State of Georgia's proprietary funds include four enterprise funds and six internal service funds. Each of the State's enterprise funds is considered a major proprietary fund for presentation purposes. As previously mentioned, the enterprise funds are the Unemployment Compensation Contributions and Benefits Fund (Georgia

Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health), the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Georgia Department of Technical and Adult Education) and the operations of the Georgia Technology Authority. Conversely, all six internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal services funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Fiduciary Funds and Similar Component Units – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The State's fiduciary funds are the Pension Trust Funds (fourteen separate retirement plans for employees), the Investment Trust Funds (which account for the transactions, assets, liabilities and fund equity of the external investment pool), Private-Purpose Trust Funds (which account for assets held by the government in a trustee capacity), and Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund data for the fiduciary funds and similar component units' can be found in the *combining statements* elsewhere in this report.

The basic fiduciary funds and similar component units' financial statements can be found immediately following the proprietary fund financial statements.

Notes to the financial statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds and similar component units' financial statements.

Required Supplementary Information
In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of required supplementary information. This section includes (1) a budgetary comparison schedule reconciling the statutory and the generally accepted accounting principles (GAAP) fund balances at fiscal year-end, and (2) pension funding information.

Combining Financial Statements
The combining financial statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary funds are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the past year for the primary government are summarized as follows based on the information included in the government-wide financial statements.

State of Georgia
Net Assets as of June 30, 2002

	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Non-current Assets	$ 10,158,110,478	$ 3,450,118,199	$ 13,608,228,677
Net Capital Assets	14,515,037,302	3,226,778,840	17,741,816,142
Total Assets	24,673,147,780	6,676,897,039	31,350,044,819
Non-current Liabilities	6,404,252,307	239,284,766	6,643,537,073
Other Liabilities	2,828,955,595	606,619,611	3,435,575,206
Total Liabilities	9,233,207,902	845,904,377	10,079,112,279
Net Assets			
Invested in Capital Assets, net of related debt	9,802,538,431	3,132,335,897	12,934,874,328
Restricted	1,399,080,545	1,858,882,510	3,257,963,055
Unrestricted	4,238,320,902	839,774,255	5,078,095,157
Total Net Assets	$ 15,439,939,878	$ 5,830,992,662	$ 21,270,932,540

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State of Georgia's combined assets (governmental and business-type activities) exceeded liabilities by $21.3 billion at the end of fiscal year 2002.

The largest portion of the State of Georgia's net assets (61 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequentially, these assts are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used at the State's discretion to meet ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets

The revenues and expenses information, shown in the table on the following page, was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year. The State of Georgia earned program revenues of $16.6 billion and general revenues of $13 billion, totaling $29.6 billion during Fiscal Year 2002. Expenses for the State during Fiscal Year 2002 were $30.1 billion.

State of Georgia
Changes in Net Assets for the Year Ended June 30, 2002

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:			
Program Revenues:			
Charges for Services	$ 3,916,116,562	$ 1,342,660,093	$ 5,258,776,655
Operating Grants and Contributions	7,397,204,233	3,333,378,946	10,730,583,179
Capital Grants and Contributions	534,744,839	65,457,496	600,202,335
General Revenues:			
Taxes	12,896,370,809	-	12,896,370,809
Grants and Contributions	410,988	-	410,988
Unrestricted Investment Income	74,383,601	28,396,024	102,779,625
Unclaimed Property	40,658,447	-	40,658,447
Other	5,606,469	-	5,606,469
Total Revenues	24,865,495,948	4,769,892,559	29,635,388,507
Expenses:			
General Government	1,133,810,869	-	1,133,810,869
Education	7,558,466,707	-	7,558,466,707
Health and Welfare	10,100,531,383	-	10,100,531,383
Transportation	1,458,959,302	-	1,458,959,302
Public Safety	1,693,449,110	-	1,693,449,110
Economic Development and Assistance	714,286,586	-	714,286,586
Culture and Recreatoin	216,505,961	-	216,505,961
Conservation	81,753,497	-	81,753,497
Interest and Other Charges on Long-Term Debt	319,094,008	-	319,094,008
Georgia Technology Authority	-	217,334,346	217,334,346
Higher Education Fund	-	4,286,201,112	4,286,201,112
State Employees' Health Benefit Fund	-	1,503,455,678	1,503,455,678
Unemployment Compensation	-	861,474,035	861,474,035
Total Expenses	23,276,857,423	6,868,465,171	30,145,322,594
Increase (Decrease) in Net Assets Before Transfers and Special Items	1,588,638,525	(2,098,572,612)	(509,934,087)
Transfers	(2,181,905,850)	2,181,905,850	-
Special Item - Contract Settlement	-	(2,900,000)	(2,900,000)
Change in Net Assets	(593,267,325)	80,433,238	(512,834,087)
Net Assets, July 1 - Restated	16,033,207,203	5,750,559,424	21,783,766,627
Net Assets, June 30	$ 15,439,939,878	$ 5,830,992,662	$ 21,270,932,540

Governmental Activities

Governmental activities reduced the State's net assets by $593 million. Furthermore, governmental revenues account for approximately 84 percent of total revenue. Approximately 52 percent of revenue came from taxes, while 32 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 16 percent of the revenues. The State's expenses cover a range of services. The largest expenses were for education and health and welfare, which combined accounted for 76 percent of total governmental activity expenses. In fiscal year 2002, governmental activity expenses exceeded program revenues, resulting in the use of $13 billion in general revenues (mostly taxes).

General Revenues Utilized to Fund Governmental Activities

		Governmental Activities
Expenses Net of Program Revenues:		
General Government	$	709,758,587
Education		(6,588,342,722)
Health and Welfare		(2,961,429,562)
Transportation		(520,868,839)
Public Safety		(1,247,058,260)
Economic Development and Assistance		(381,926,284)
Culture and Recreation		(47,824,333)
Conservation		(72,006,368)
Interest and Other Charges on Long-Term Debt		(319,094,008)
Total Governmental Activities Expenses		(11,428,791,789)
General Revenues:		
Taxes		12,896,370,809
Grants and Contributions		410,988
Unrestricted Investment Income		74,383,601
Unclaimed Property		40,658,447
Other		5,606,469
Transfers		(2,181,905,850)
Decrease in Governmental Activities Net Assets	$	(593,267,325)

Business-Type Activities
Business-type activities increased the State of Georgia's net assets by $80 million. Charges for services accounted for 28 percent of revenues and Higher Education and State Employees' Health Benefit Plan accounted for 84 percent of expense.

Overall
The State's net assets decreased by $ 512 million during the current fiscal year. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2002, the State of Georgia's governmental funds reported combined ending fund balances of $6.5 billion, a decrease of $419 million in comparison with the prior fiscal year. Approximately one-third of this total amount ($2.5 billion) constitutes *unreserved fund balance*, which is available for spending at the State's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already be committed 1) to liquidate contracts and purchase orders ($1 billion), 2) to pay debt service ($228 million), 3) to provide and maintain an adequate system of public roads and bridges in the State ($823 million) or for a variety of other restricted purposes ($1.9 billion).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance of the General Fund was $659 million, while total fund balance reached $4.5 billion. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 2.9 percent of total General Fund expenditures, while total fund balance represents 19.6 percent of that same amount.

The fund balance of the State's General Fund decreased by $356 million, primarily as a result of lower tax collections and slowing of the economy. By the end of the year, fund balance had declined 7.3 % from the prior year.

The capital projects fund, in total, has a fund balance of $1.8 billion, most of which is designated for future capital outlay. The State has five capital projects funds, with one being considered a major fund for presentation purposes for fiscal year 2002. The major capital projects fund, as mentioned earlier, is the Georgia State Financing and Investment Commission (GSFIC); the total fund balance for GSFIC is $1.7 billion. The total net decrease in fund balance during the current year in the capital projects fund was $156 million.

BUDGET FUND BUDGETARY HIGHLIGHTS

The final budget exceeded original appropriations by approximately $8.6 billion. Of this increase, $2.4 billion was funded by funds carried forward from the prior year. The State's Supplementary Appropriations Act added $422 million, with the remainder of the funds being federal and other revenues amended into the budget by the State organizations that anticipated earning the funds.

During the year, however, funds available were approximately $3.2 billion less than budgetary estimates and expenditures were approximately $4.9 billion less than budgetary estimates, resulting in an excess of funds available over expenditures of approximately $1.7 billion.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Fiduciary Funds

At June 30, 2002, assets held in trust for pension and other employee benefits totaled $51.3 billion, which represents a $2.7 billion reduction from June 30,2001. This change reflects a decline in investments of the pension and other employee benefit trusts resulting primarily from the net depreciation in the fair value of investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State of Georgia's investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounts to $26.6 billion (net of accumulated depreciation of $8.9 billion), leaving a net book value of $17.7 billion. Investment in capital assets includes land, buildings and building improvements, improvements other than

buildings, personal property (machinery and equipment), infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The most significant change during the year was a change in accounting for capital assets resulting in the inclusion of infrastructure assets and governmental fund depreciation, which heretofore had not been recorded. The inclusion of infrastructure assets increased capital assets by $16.5 billion.

The total increase in the State of Georgia's investment in capital assets for the current fiscal year was $897 million, or 5.3 percent (a 5 percent increase for governmental activities and a 6.7 percent increase for business-type activities).

State of Georgia
Capital Assets, net of depreciation as of June 30, 2002

	Governmental Activities	Business-Type Activities	Total Primary Government
Land	$ 335,224,453	$ 138,383,333	$ 473,607,786
Buildings and Building Improvements	1,417,261,290	2,372,012,599	3,789,273,889
Improvements Other Than Buildings	26,213,459	44,739,681	70,953,140
Machinery and Equipment	303,666,649	394,441,539	698,108,188
Software	33,446,616	18,866,006	52,312,622
Library Collections	-	141,331,791	141,331,791
Works of Art and Collections	6,239,808	10,520,262	16,760,070
Infrastructure	10,742,800,838	65,216,199	10,808,017,037
Construction in Progress	1,650,184,189	41,267,430	1,691,451,619
Total	$ 14,515,037,302	$ 3,226,778,840	$ 17,741,816,142

Additional information on the State's capital assets can be found in Note 5 of the notes to the financial statements of this report.

Debt Administration
At the end of the current fiscal year, the State had total bonded debt outstanding of $6.1 billion. Of this amount, $6 billion comprises debt backed by the full faith and credit of the government (*general obligation debt*), $15,505 represents bonds that are past due, but have not been presented for redemption to date (*general state bond debt*) and long-term notes payable.

The most current bond ratings for Moody's Investors Service, Fitch Investors Service, L.P., and Standard and Poor's Corporation are Aaa, AAA and AAA, respectively. Under the State's Constitution the highest aggregate annual debt may not exceed 10 percent of the previous fiscal year's revenue collections.

State of Georgia
Outstanding Debt as of June 30, 2002

	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds	$ 6,058,295,000	$ -	$ 6,058,295,000
General State Bond Debt	15,505	-	15,505
Contracts Payable	54,670,212	-	54,670,212
Long-Term Notes	2,631,842	2,345,608	4,977,450
Total	$ 6,115,612,559	$ 2,345,608	$ 6,117,958,167

The State of Georgia's total debt increased by $804 million (15.1 percent) during the current fiscal year. The key factor in this increase was a $1.2 billion general obligation bond issuance for the State of Georgia.

Additional information on the State of Georgia's long-term debt can be found in Note 10 of the notes to the financial statements of this report.

ECONOMIC FACTORS

Downturns in the U.S. economy during the current fiscal year had a similar impact on the State. These effects lingered on into fiscal year 2003. For example, on May 7, 2003, the Georgia Department of Revenue announced that net revenue collections for the first 10 months of fiscal year 2003 decreased approximately 2.3%, when compared to the same period in fiscal year 2002. This announcement, however, also noted that April 2003 collections increased a modest 1.9% from collections one year ago.

A Georgia Department of Labor news release, dated May 2003, listed Georgia's April 2003, unemployment rate at 4.4%, which is a decrease from a rate of 4.8% in April of 2002. This news release, however, also stated that the State's short-term unemployment outlook was not encouraging, especially in the retail trade sector.

During its' 2003 session, the General Assembly responded to the decline in State revenues by passing House Bill 121, which authorized Georgia's fiscal year 2003 Amended Budget. The bill included "Austerity Adjustment" line items that reduced total budgeted State funds by approximately $107 million. Governor Sonny Perdue signed this bill into law on May 13, 2003. The Governor, before signing the Bill, however, used line-item veto authority and expenditure controls to further reduce the budget by $15.7 million.

Requests for Information

This financial report is designed to provide a general overview of the State of Georgia's finances for all of Georgia's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Georgia Department of Audits and Accounts, 254 Washington Street, Suite 214, Atlanta, Georgia 30334.

Basic Financial Statements

Statement of Net Assets
June 30, 2002

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	$ 2,128,211,387	$ 2,443,230,659	$ 4,571,442,046	$ 475,959,620
Investments	5,678,825,314	617,602,520	6,296,427,834	224,816,278
Accounts Receivable (Net of Allowances for Uncollectibles)				
Interest and Dividends	43,442,409	—	43,442,409	10,490,126
Notes and Loans	—	46,950,749	46,950,749	951,354,542
Taxes	717,275,973	—	717,275,973	—
Other	149,416,438	197,679,674	347,096,112	108,410,017
Internal Balances	30,113,693	(30,113,693)	0	—
Due From Primary Government	—	—	0	3,378,986
Due From Component Units	18,911,879	44,577	18,956,456	—
Intergovernmental Receivables	1,266,802,589	85,668,143	1,352,470,732	6,510,711
Inventories	50,447,895	29,778,951	80,226,846	7,206,551
Prepaid Items	67,699,204	59,276,619	126,975,823	6,419,745
Other Assets	4,464,300	—	4,464,300	58,175,930
Restricted Assets				
Cash and Cash Equivalents	—	—	0	419,703,476
Investments	—	—	0	606,453,002
Receivables				
Loans (Net)	—	—	0	709,245,348
Interest and Dividends	—	—	0	6,409,850
Other	—	—	0	39,271,138
Advances to Component Units	2,499,397	—	2,499,397	—
Deferred Charges	—	—	0	18,003,959
Capital Assets (Net of Accumulated Depreciation)	14,515,037,302	3,226,778,840	17,741,816,142	879,523,381
Total Assets	$ 24,673,147,780	$ 6,676,897,039	$ 31,350,044,819	$ 4,531,332,660
Liabilities				
Accounts Payable and Other Accruals	$ 1,163,657,480	$ 76,542,182	$ 1,240,199,662	$ 130,468,061
Contracts Payable	53,359,840	8,545,070	61,904,910	7,489,637
Claims an Judgments Payable	353,034,255	—	353,034,255	—
Salaries/Withholdings Payable	11,928,736	45,749,651	57,678,387	3,438,401
Benefits Payable	855,574,584	191,750,927	1,047,325,511	—
Due to Primary Government	—	—	0	20,434,328
Due to Component Units	3,378,986	—	3,378,986	—
Accrued Interest Payable	113,380,201	393,753	113,773,954	5,374,232
Undistributed Local Government Sales Tax	58,000,000	—	58,000,000	—
Unclaimed Bonds and Interest	547,656	—	547,656	—
Deferred Revenue	113,225,683	236,590,619	349,816,302	163,646,703
Funds Held for Others	66,272,679	40,314,593	106,587,272	—
Customer Deposits	764,658	—	764,658	—
Liabilities Payable from Restricted Assets	—	—	0	290,279,329
Other Liabilities	35,830,837	6,732,816	42,563,653	22,140,346
Noncurrent Liabilities:				
Due within one year	455,148,236	81,375,183	536,523,419	89,436,176
Due in more than one year	5,949,104,071	157,909,583	6,107,013,654	1,760,510,477
Total Liabilities	$ 9,233,207,902	$ 845,904,377	$ 10,079,112,279	$ 2,493,217,690

The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
June 30, 2002

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 9,802,538,431	$ 3,132,335,897	$ 12,934,874,328	$ 664,196,388
Restricted for:				
Bond Covenants/Debt Service	—	—	—	32,846,022
Construction	—	—	—	31,600,000
Disaster Assistance	6,328,261	—	6,328,261	—
Distance Learning and Telemedicine	—	20,199,886	20,199,886	—
Guaranteed Revenue Debt Common Reserve Fund	47,175,605	—	47,175,605	—
Hazardous Waste Trust Fund	35,838,966	—	35,838,966	—
Loan and Grant Programs	—	—	—	22,300,043
Lottery for Education	373,966,931	—	373,966,931	—
Motor Fuel Tax Funds	823,036,353	—	823,036,353	—
Permanent Trusts:				
Nonexpendable	—	104,416,029	104,416,029	—
Expendable	—	197,383,520	197,383,520	—
Underground Storage Trust Fund	71,527,535	—	71,527,535	—
Unemployment Compensation Benefits	—	1,536,782,865	1,536,782,865	—
Other Purposes	41,206,894	100,210	41,307,104	8,505,191
Unrestricted	4,238,320,902	839,774,255	5,078,095,157	1,278,667,326
Total Net Assets	$ 15,439,939,878	$ 5,830,992,662	$ 21,270,932,540	$ 2,038,114,970

The notes to the financial statements are an integral part of this statement.

Statement of Activities
For the Fiscal Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	$ 1,133,810,869	$ 1,678,008,179	$ 162,975,535	$ 2,585,742
Education	7,558,466,707	3,542,798	951,434,026	15,147,161
Health and Welfare	10,100,531,383	1,333,912,408	5,805,189,413	—
Transportation	1,458,959,302	405,920,739	22,768,637	509,401,087
Public Safety	1,693,449,110	324,424,891	115,303,303	6,662,656
Economic Development and Assistance	714,286,586	41,600,890	289,811,219	948,193
Culture and Recreation	216,505,961	123,999,888	44,681,740	—
Conservation	81,753,497	4,706,769	5,040,360	—
Interest and Other Charges on Long-Term Debt	319,094,008	—	—	—
Total Governmental Activities	23,276,857,423	3,916,116,562	7,397,204,233	534,744,839
Business-Type Activities:				
Georgia Technology Authority	217,334,346	218,943,726	100,210	—
Higher Education Fund	4,286,201,112	1,009,852,663	1,251,733,230	65,457,496
State Employees' Health Benefit Plan	1,503,455,678	—	1,606,088,531	—
Unemployment Compensation Fund	861,474,035	113,863,704	475,456,975	—
Total Business-Type Activities	6,868,465,171	1,342,660,093	3,333,378,946	65,457,496
Total primary government	$ 30,145,322,594	$ 5,258,776,655	$ 10,730,583,179	$ 600,202,335
Component Units				
Development Authority	$ 3,406,899	$ 5,439,028	$ —	$ —
Environmental Facilities Authority	25,485,649	28,952,830	34,442,425	45,106,938
Housing and Finance Authority	82,749,908	55,330,906	24,652,240	—
Lottery Corporation	2,330,458,000	2,326,420,000	—	—
Ports Authority	96,933,000	104,668,000	—	12,219,000
Public Telecommunications Commission	35,646,317	3,904,893	8,357,580	340,333
Road and Tollway Authority	113,854,643	21,805,927	—	—
Stone Mountain Memorial Association	9,453,063	11,475,605	—	—
Student Finance Authority	70,794,365	7,577,151	3,515,845	—
World Congress Center Authority	76,419,132	49,589,446	105,233	—
Nonmajor Component Units	204,111,561	85,180,754	28,751,560	10,753,769
Total Component Units	$ 3,049,312,537	$ 2,700,344,540	$ 99,824,883	$ 68,420,040
General Revenues:				
Taxes				
Grants and Contributions not restricted to specific programs				
Unrestricted Investment Income				
Unclaimed Property				
Other				
Payments from the State of Georgia				
Special Item - Contract Settlement				
Transfers				
Total General Revenues,Special Items, and Transfers				
Change in Net Assets				
Net Assets - Beginning - Restated				
Net Assts - Ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ 709,758,587	$ —	$ 709,758,587	$ —
(6,588,342,722)	—	(6,588,342,722)	—
(2,961,429,562)	—	(2,961,429,562)	—
(520,868,839)	—	(520,868,839)	—
(1,247,058,260)	—	(1,247,058,260)	—
(381,926,284)	—	(381,926,284)	—
(47,824,333)	—	(47,824,333)	—
(72,006,368)	—	(72,006,368)	—
(319,094,008)		(319,094,008)	
(11,428,791,789)	—	(11,428,791,789)	—
—	1,709,590	1,709,590	—
—	(1,959,157,723)	(1,959,157,723)	—
—	102,632,853	102,632,853	—
—	(272,153,356)	(272,153,356)	—
—	(2,126,968,636)	(2,126,968,636)	—
—	(2,126,968,636)	(13,555,760,425)	—
—	—	—	(2,032,129)
—	—	—	(83,016,544)
—	—	—	2,766,762
—	—	—	4,038,000
—	—	—	(19,954,000)
—	—	—	23,043,511
—	—	—	92,048,716
—	—	—	(2,022,542)
—	—	—	59,701,369
—	—	—	26,724,453
—	—	—	79,425,478
—	—	—	180,723,074
12,896,370,809	—	12,896,370,809	22,233,024
410,988	—	410,988	—
74,383,601	28,396,024	102,779,625	42,341,172
40,658,447	—	40,658,447	—
5,606,469	—	5,606,469	7,817,686
—	—	0	202,580,614
—	(2,900,000)	(2,900,000)	—
(2,181,905,850)	2,181,905,850	0	—
10,835,524,464	2,207,401,874	146,555,529	274,972,496
(593,267,325)	80,433,238	(512,834,087)	94,249,422
16,033,207,203	5,750,559,424	21,783,766,627	1,943,865,548
$ 15,439,939,878	$ 5,830,992,662	$ 21,270,932,540	$ 2,038,114,970

Balance Sheet
Governmental Funds
June 30, 2002

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
Assets				
Cash and Cash Equivalents	$ 1,691,164,002	$ 121,117,191	$ 233,116,673	$ 2,045,397,866
Investments	2,772,970,709	1,731,044,969	3,718,669	4,507,734,347
Receivables (Net of Allowances for Uncollectibles)				
Taxes	717,275,973	—	—	717,275,973
Interest and Dividends	41,814,674	1,627,735	—	43,442,409
Other	136,989,504	—	654,107	137,643,611
Due from Other Funds	34,000,000	—	—	34,000,000
Due from Component Units	16,848,005	2,063,874	—	18,911,879
Intergovernmental Receivables	1,265,679,589	—	—	1,265,679,589
Inventories	41,143,901	—	—	41,143,901
Prepaid Items	67,407,921	—	—	67,407,921
Advances to Component Units	—	2,499,397	—	2,499,397
Other Assets	4,464,300	—	—	4,464,300
Total Assets	$ 6,789,758,578	$ 1,858,353,166	$ 237,489,449	$ 8,885,601,193
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Other Accruals	$ 1,139,597,888	$ 19,407,670	$ 184,425	$ 1,159,189,983
Due to Other Funds	16,996,941	—	—	16,996,941
Due to Component Units	3,378,986	—	—	3,378,986
Salaries/Withholdings Payable	11,908,426	—	—	11,908,426
Benefits Payable	855,574,584	—	—	855,574,584
Contracts Payable	8,883,290	44,426,987	—	53,310,277
Undistributed Local Government Sales Tax	58,000,000	—	—	58,000,000
Funds Held for Others	66,272,679	—	—	66,272,679
Deferred Revenue	121,882,702	—	—	121,882,702
Other Liabilities	3,110,101	—	—	3,110,101
Total Liabilities	$ 2,285,605,597	$ 63,834,657	$ 184,425	$ 2,349,624,679
Fund Balances:				
Reserved for Advances	$ —	$ 2,499,397	$ —	$ 2,499,397
Reserved for Debt Service	—	—	228,453,750	228,453,750
Reserved for Disaster Assistance	6,328,261	—	—	6,328,261
Reserved for Encumbrances	1,092,341,164	—	—	1,092,341,164
Reserved for Guaranteed Revenue Debt Common Reserve Fund	47,175,605	—	—	47,175,605
Reserved for Hazardous Waste Trust Fund	35,838,966	—	—	35,838,966
Reserved for Inventories	45,983,100	—	—	45,983,100
Reserved for Lottery for Education	373,966,931	—	—	373,966,931
Reserved for Midyear Adjustment	140,054,792	—	—	140,054,792
Reserved for Motor Fuel Tax Funds	823,036,353	—	—	823,036,353
Reserved for Revenue Shortfall	700,273,960	—	—	700,273,960
Reserved for Tobacco Settlement Funds	185,855,202	—	—	185,855,202
Reserved for Underground Storage Trust Fund	71,527,535	—	—	71,527,535
Reserved for Other Specific Purposes	322,917,655	—	1,577,448	324,495,103
Unreserved, Designated				
Designated for Capital Outlay	—	1,792,019,112	—	1,792,019,112
Designated for Liability Trust Fund	12,404,000	—	—	12,404,000
Designated for Property Tax Relief	249,000,000	—	—	249,000,000
Designated for Other Specific Purposes	170,000	—	—	170,000
Unreserved, Undesignated, Reported in				
General Fund	397,279,457	—	—	397,279,457
Capital Projects Funds	—	—	7,273,826	7,273,826
Total Fund Balances	$ 4,504,152,981	$ 1,794,518,509	$ 237,305,024	$ 6,535,976,514
Total Liabilities and Fund Balances	$ 6,789,758,578	$ 1,858,353,166	$ 237,489,449	$ 8,885,601,193

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Assets
June 30, 2002

Total Fund Balances for Governmental Funds		**$**	6,535,976,514
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:			
Land	311,869,189		
Buildings and Building Improvements	1,756,131,658		
Improvements Other Than Buildings	37,138,632		
Equipment	656,924,145		
Infrastructure	16,342,241,597		
Construction in Progress	1,650,028,436		
Works of Art	5,000,233		
Software	66,209,462		
Library Books	3,200,000		
Accumulated Depreciation	(6,556,011,031)		14,272,732,321
Certain long-term assets are not current available financial resources and, therefore, are not reported in the funds. (Note 10)			2,631,842
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			9,608,114
Certain liabilities are not accrued in governmental funds until they are due and payable, but must be recognized in the Statement of Net Assets.			(146,648,593)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The majority of assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.			1,165,564,416
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
General Obligation Bonds	(6,058,295,000)		
General State Bonds	(15,505)		
Capital Leases	(5,911,447)		
Compensated Absences	(240,002,333)		
Long-Term Notes	(2,631,842)		
Contracts Payable	(54,670,212)		
Arbitrage Rebate	(38,398,397)		(6,399,924,736)
Net Assets of Governmental Activities		**$**	15,439,939,878

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
Revenues:				
Taxes	$ 12,896,370,809	$ —	$ —	$ 12,896,370,809
Licenses and Permits	448,262,755	—	—	448,262,755
Intergovernmental - Federal	8,189,311,370	—	—	8,189,311,370
Sales and Services	1,678,090,064	—	—	1,678,090,064
Fines and Forfeits	257,484,265	—	—	257,484,265
Interest and Other Investment Income	172,338,485	72,162,140	357,475	244,858,100
Rents and Royalties	15,616,765	—	58,159	15,674,924
Contributions and Donations	214,162,798	15,000,000	—	229,162,798
Penalties and Interest on Taxes	6,457,440	—	—	6,457,440
Unclaimed Property	40,658,447	—	—	40,658,447
Lottery Proceeds	726,202,000	—	—	726,202,000
Other	75,381,036	4,570	279	75,385,885
Total Revenues	$ 24,720,336,234	$ 87,166,710	$ 415,913	$ 24,807,918,857
Expenditures:				
Current:				
General Government	$ 839,626,474	$ —	$ 12,313	$ 839,638,787
Education	7,567,494,226	—	798	7,567,495,024
Health and Welfare	10,090,828,968	—	—	10,090,828,968
Transportation	1,716,885,005	—	—	1,716,885,005
Public Safety	1,686,970,829	—	—	1,686,970,829
Economic Development and Assistance	708,073,548	—	—	708,073,548
Culture and Recreation	235,249,403	—	—	235,249,403
Conservation	86,890,618	—	—	86,890,618
Capital Outlay	—	761,271,668	538,024	761,809,692
Debt Service				
Principal	—	—	449,258,159	449,258,159
Interest	—	—	314,200,690	314,200,690
Accrued Interest on Bonds Retired in Advance	—	—	1,002,342	1,002,342
Discount on Bonds Retired in Advance	—	—	(4,428,967)	(4,428,967)
Other Debt Service Charges	—	6,719,417	—	6,719,417
Total Expenditures	$ 22,932,019,071	$ 767,991,085	$ 760,583,359	$ 24,460,593,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,788,317,163	$ (680,824,375)	$ (760,167,446)	$ 347,325,342
Other Financing Sources (Uses):				
Proceeds from Issuance of General Obligation Bonds	$ —	$ 1,229,428,392	$ —	$ 1,229,428,392
Proceeds from Disposition of General Capital Assets	3,965,808	—	—	3,965,808
Proceeds from Capital Leases	2,354,002	—	—	2,354,002
Proceeds from Other Financing Arrangements	54,670,212	—	—	54,670,212
Transfers In	654,202,255	5,398,422	853,564,714	1,513,165,391
Transfers Out	(2,859,870,706)	(710,520,739)	—	(3,570,391,445)
Net Other Financing Sources (Uses)	$ (2,144,678,429)	$ 524,306,075	$ 853,564,714	$ (766,807,640)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (356,361,266)	$ (156,518,300)	$ 93,397,268	$ (419,482,298)
Fund Balances, July 1 (Restated)	4,860,514,247	1,951,036,809	143,907,756	6,955,458,812
Fund Balances, June 30	$ 4,504,152,981	$ 1,794,518,509	$ 237,305,024	$ 6,535,976,514

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2002

Net Change in Fund Balances - Total Governmental Funds		**$**	(419,482,298)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay net of losses	2,006,114,128		
Depreciation expense	(1,161,852,727)		844,261,401
Capital outlays reported as expenditures in governmental funds were capitalized and transferred to other funds			(94,385,066)
Revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds until available.			(58,159)
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.			(1,229,428,392)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.			(2,354,002)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. In the current year, these amounts consisted of:			
Bond Principal Retirement	449,200,000		
Accrued Interest	(7,433,506)		
Capital Lease Payments	4,674,815		446,441,309
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the majority of the internal service funds is reported in governmental activities.			(76,629,119)
Inventories accounted for using the purchases method are reported in the governmental funds, thus reporting an expenditure in the funds.			2,334,646
Because some revenues will not be collected in the next year, they are not considered available revenues and are deferred in the governmental funds.			4,147,596
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This adjustment combines the net changes in the following balances:			
Compensated Absences	(11,376,808)		
Long-Term Notes	58,159		
Contracts Payable	(54,670,212)		
Arbitrage Rebate	(2,126,380)		(68,115,241)
Change in Net Assets of Governmental Activities		**$**	(593,267,325)

The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
Proprietary Funds
June 30, 2002

	Business-Type Activities - Enterprise Funds			
	Georgia Technology Authority	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 38,410,578	$ 514,705,672	$ 367,267,796	$ 1,521,122,080
Investments	20,970,213	144,812,375	298,017,661	—
Accounts Receivable (Net of Allowances for Uncollectibles)	4,663,621	160,356,143	19,413,006	13,245,018
Due From Other Funds	16,452,003	—	—	—
Due From Component Units	44,577	—	—	—
Intergovernmental Receivables	—	83,062,059	—	2,606,074
Inventories	1,874,596	27,886,990	—	—
Prepaid Items	518,798	58,757,821	—	—
Noncurrent Assets:				
Cash and Cash Equivalents	—	1,227,916	—	—
Investments	—	153,802,271	—	—
Notes Receivable	—	46,950,749	—	—
Capital Assets:				
Land	—	138,383,333	—	—
Buildings and Building Improvements	—	3,474,202,249	—	—
Improvements Other Than Buildings	—	115,720,097	—	—
Machinery and Equipment	62,776,789	962,536,112	—	—
Software	36,482,688	—	—	—
Library Collections	—	496,323,550	—	—
Works of Art and Collections	—	10,850,502	—	—
Infrastructure	—	111,137,823	—	—
Construction in Progress	—	41,267,430	—	—
Accumulated Depreciation	(48,400,280)	(2,175,181,764)	—	—
Total Assets	$ 133,793,583	$ 4,366,801,328	$ 684,698,463	$ 1,536,973,172

The notes to the financial statements are an integral part of this statement.

Total	Governmental Activities - Internal Service Funds
$ 2,441,506,126	$ 83,310,138
463,800,249	431,223,967
197,677,788	9,142,871
16,452,003	2,480,422
44,577	—
85,668,133	—
29,761,586	9,321,359
59,276,619	291,283
1,227,916	—
153,802,271	739,867,000
46,950,749	—
138,383,333	23,355,264
3,474,202,249	305,949,015
115,720,097	4,954,083
1,025,312,901	24,704,504
36,482,688	—
496,323,550	—
10,850,502	1,239,575
111,137,823	—
41,267,430	155,753
(2,223,582,044)	(117,372,902)
$ 6,722,266,546	$ 1,518,622,332

(continued)

Statement of Net Assets
Proprietary Funds (continued)
June 30, 2002

	Business-Type Activities - Enterprise Funds			
	Georgia Technology Authority	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	$ 7,291,917	$ 54,596,614	$ 13,903,496	$ 190,307
Due to Other Funds	—	718,892	34,000,000	—
Salaries/Withholdings Payable	82,767	45,663,389	3,495	—
Benefits Payable	—	29,277,958	162,472,969	—
Accrued Interest Payable	393,753	—	—	—
Contracts Payable	2,900,000	5,645,070	—	—
Funds Held for Others	—	40,314,593	—	—
Deferred Revenue	—	200,709,292	35,881,327	—
Customer Deposits	—	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	1,200,174	71,996,608	—	—
Capital Leases/Installment Purchases Payable - Current	3,090,727	4,906,249	—	—
Notes Payable - Current	—	181,425	—	—
Other Current Liabilities	—	6,732,816	—	—
Noncurrent Liabilities:				
Deferred Revenue	—	150,000	—	—
Compensated Absences Payable	2,979,162	67,119,016	231,577	—
Capital Leases/Installment Purchases Payable	6,740,914	78,524,732	—	—
Notes Payable	—	2,164,182	—	—
Total Liabilities	$ 24,679,414	$ 608,700,836	$ 246,492,864	$ 190,307
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 41,027,556	$ 3,091,308,341	$ —	$ —
Restricted for:				
Distance Learning and Telemedicine	20,199,886	—	—	—
Permanent Trusts:				
Nonexpendable	—	104,416,029	—	—
Expendable	—	197,383,520	—	—
Unemployment Compensation Benefits	—	—	—	1,536,782,865
Other Purposes	100,210	—	—	—
Unrestricted	47,786,517	364,992,602	438,205,599	—
Total Net Assets	$ 109,114,169	$ 3,758,100,492	$ 438,205,599	$ 1,536,782,865

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

Total	Governmental Activities - Internal Service Funds
$ 75,982,334	$ 5,027,345
34,718,892	93,582
45,749,651	20,310
191,750,927	—
393,753	—
8,545,070	49,563
40,314,593	—
236,590,619	951,095
0	764,658
0	353,034,255
73,196,782	1,845,195
7,996,976	—
181,425	—
6,732,816	—
	—
150,000	—
70,329,755	2,482,376
85,265,646	—
2,164,182	—
$ 880,063,421	$ 364,268,379
$ 3,132,335,897	$ 242,985,292
20,199,886	—
104,416,029	—
197,383,520	—
1,536,782,865	—
100,210	3,458,400
850,984,718	907,910,261
$ 5,842,203,125	$ 1,154,353,953
$ (11,210,463)	
$ 5,830,992,662	

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	Business-Type Activities -		
	Georgia Technology Authority	Higher Education Fund	State Employees' Health Benefit Plan
Operating Revenues:			
Grants and Contributions/Premiums	$ —	$ 968,402,274	$ 1,606,088,531
Rents and Royalties	—	—	—
Sales and Services	218,911,804	1,009,852,663	—
Other	31,922	99,256,895	—
Total Operating Revenues	$ 218,943,726	$ 2,077,511,832	$ 1,606,088,531
Operating Expenses:			
Personal Services	$ 50,135,401	$ 2,548,013,792	$ 3,255,168
Services and Supplies	145,532,403	1,494,260,612	456,015,330
Benefits	—	—	1,044,185,180
Claims and Judgments	—	—	—
Depreciation	16,188,931	203,696,742	—
Total Operating Expenses	$ 211,856,735	$ 4,245,971,146	$ 1,503,455,678
Operating Income (Loss)	$ 7,086,991	$ (2,168,459,314)	$ 102,632,853
Nonoperating Revenues (Expenses):			
Grants and Contributions	$ —	$ 184,074,061	$ —
Interest and Other Investment Income	1,237,120	12,156,481	15,002,423
Interest Expense	(621,157)	(3,659,321)	—
Other	(265,710)	(38,820,166)	—
Total Nonoperating Revenues (Expenses)	$ 350,253	$ 153,751,055	$ 15,002,423
Income (Loss) Before Contributions, Transfers and Special Item	$ 7,437,244	$ (2,014,708,259)	$ 117,635,276
Capital Contributions	$ 34,643,630	$ 170,864,800	$ —
Special Item	$ (2,900,000)	$ —	$ —
Transfers:			
Transfers In	$ 35,412,874	$ 2,066,181,986	$ —
Transfers Out	(15,348,100)	(3,364,978)	(31,358,156)
Net Transfers	$ 20,064,774	$ 2,062,817,008	$ (31,358,156)
Change in Net Assets	$ 59,245,648	$ 218,973,549	$ 86,277,120
Net Assets, July 1 (Restated)	49,868,521	3,539,126,943	351,928,479
Net Assets, June 30	$ 109,114,169	$ 3,758,100,492	$ 438,205,599

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Change in Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		Governmental Activities -
Unemployment Compensation Fund	Total	Internal Service Funds
$ 487,123,984	$ 3,061,614,789	$ 116,092,432
—	0	33,498,347
—	1,228,764,467	66,967,218
37,920	99,326,737	235,638
$ 487,161,904	$ 4,389,705,993	$ 216,793,635
$ —	$ 2,601,404,361	$ 45,901,643
—	2,095,808,345	83,446,623
861,474,035	1,905,659,215	18,227,000
—	0	97,179,943
—	219,885,673	20,795,660
$ 861,474,035	$ 6,822,757,594	$ 265,550,869
$ (374,312,131)	$ (2,433,051,601)	$ (48,757,234)
$ —	$ 184,074,061	$ —
102,158,775	130,554,799	(1,628,502)
—	(4,280,478)	(113)
—	(39,085,876)	(43,747,528)
$ 102,158,775	$ 271,262,506	$ (45,376,143)
$ (272,153,356)	$ (2,161,789,095)	$ (94,133,377)
$ —	$ 205,508,430	$ 2,829,335
$ —	$ (2,900,000)	$ —
$ —	$ 2,101,594,860	$ 49,310,500
—	(50,071,234)	(46,301,707)
$ 0	$ 2,051,523,626	$ 3,008,793
$ (272,153,356)	$ 92,342,961	$ (88,295,249)
1,808,936,221		1,242,649,202
$ 1,536,782,865		$ 1,154,353,953
	(11,909,723)	
	$ 80,433,238	

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	Business-type Activities	
	Georgia Technology Authority	Higher Education Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 203,547,865	$ 1,035,138,108
Cash Received from Grants and Required Contributions/Premiums	—	978,067,239
Cash Paid to Vendors	(142,251,164)	(1,982,455,746)
Cash Paid to Employees	(51,241,943)	(2,155,589,871)
Cash Paid for Benefits	—	—
Cash Paid for Claims and Judgments	—	—
Cash Paid for Scholarships, Fellowships and Loans	—	(176,775,810)
Other Operating Items (Net)	—	261,036,941
Net Cash Provided by (Used in) Operating Activities	$ 10,054,758	$ (2,040,579,139)
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	$ 35,412,874	$ 2,066,292,172
Transfers to Other Funds	(15,348,100)	(854,580)
Other Noncapital Items (Net)	100,210	107,767,326
Net Cash Provided by Noncapital Financing Activities	$ 20,164,984	$ 2,173,204,918
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	$ —	$ 10,848,889
Proceeds from Sale of Capital Assets	—	4,314,563
Acquisition and Construction of Capital Assets	(5,724,836)	(192,060,344)
Principal Paid on Capital Debt	(4,001,013)	(7,794,172)
Interest Paid on Capital Debt	(285,061)	(3,668,397)
Net Cash Used in Capital and Related Financing Activities	$ (10,010,910)	$ (188,359,461)
Cash Flows from Investing Activities:		
Purchase of Investments (Net)	$ (15,195,107)	$ 223,177,091
Interest and Dividends Received	1,237,120	17,285,669
Net Cash Provided by (Used In) Investing Activities	$ (13,957,987)	$ 240,462,760
Net Increase (Decrease) in Cash and Cash Equivalents	$ 6,250,845	$ 184,729,078
Cash and Cash Equivalents, July 1	32,159,733	331,204,510
Cash and Cash Equivalents, June 30	$ 38,410,578	$ 515,933,588

The notes to the financial statements are an integral part of this statement.

Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
State Employees' Health Benefit Plan	Unemployment Compensation Fund	Total	
$ —	$ —	$ 1,238,685,973	$ 113,719,704
1,604,441,341	485,727,079	3,068,235,659	114,556,904
(445,847,045)	—	(2,570,553,955)	(82,282,144)
(3,240,463)	—	(2,210,072,277)	(44,889,612)
(1,051,471,561)	(861,330,615)	(1,912,802,176)	(21,364,000)
—	—	0	(95,926,010)
—	—	(176,775,810)	—
—	—	261,036,941	1,436
$ 103,882,272	$ (375,603,536)	$ (2,302,245,645)	$ (16,183,722)
$ —	$ —	$ 2,101,705,046	$ 53,108,902
—	—	(16,202,680)	(50,100,109)
2,641,844	—	110,509,380	179,959
$ 2,641,844	$ 0	$ 2,196,011,746	$ 3,188,752
$ —	$ —	$ 10,848,889	$ 2,829,335
—	—	4,314,563	16,844
—	—	(197,785,180)	(7,604,967)
—	—	(11,795,185)	—
—	—	(3,953,458)	(113)
$ 0	$ 0	$ (198,370,371)	$ (4,758,901)
$ (202,609,358)	$ —	$ 5,372,626	$ (75,766,167)
15,159,131	102,158,775	135,840,695	54,362,005
$ (187,450,227)	$ 102,158,775	$ 141,213,321	$ (21,404,162)
$ (80,926,111)	$ (273,444,761)	$ (163,390,949)	$ (39,158,033)
448,193,907	1,794,566,841	2,606,124,991	122,468,171
$ 367,267,796	$ 1,521,122,080	$ 2,442,734,042	$ 83,310,138

(continued)

Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended June 30, 2002

	Business-	
	Georgia Technology Authority	Higher Education Fund
Operating Income	$ 7,086,991	$ (2,168,459,314)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	16,188,931	203,696,742
Other	—	—
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	3,686,160	(25,150,248)
Increase in Due From Other Funds	(16,452,003)	—
Increase in Due From Component Units	(44,577)	—
Increase in Intergovernmental Receivables	—	—
Increase in Inventories	(752,128)	(827,359)
Decrease (Increase) in Prepaid Items	4,150,389	(2,115,858)
Decrease in Notes Receivable	—	1,328,286
Decrease in Other Assets	—	98,540
Increase (Decrease) in Accounts Payable and Other Accruals	4,933,494	(116,568,602)
Decrease in Due to Other Funds	(35,396)	—
Increase in Salaries/Withholdings Payable	78,027	18,719,562
Decrease in Benefits Payable	—	(5,903,246)
Increase in Claims and Judgments Payable	—	—
Increase in Contracts Payable	—	—
Increase (Decrease) in Deferred Revenue	(2,585,441)	41,270,898
Increase in Customer Deposits	—	—
Increase (Decrease) in Compensated Absences Payable	(1,184,636)	10,116,492
Increase (Decrease) in Other Liabilities	(5,015,053)	3,214,968
Net Cash Provided by (Used) in Operating Activities	$ 10,054,758	$ (2,040,579,139)
Noncash Investing, Capital, and Financing Activities:		
Net Decrease in Fair Value of Investments	$ —	$ —

The notes to the financial statements are an integral part of this statement.

Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
State Employees' Health Benefit Plan	Unemployment Compensation Fund	Total	
$ 102,632,853	$ (374,312,131)	$ (2,433,051,601)	$ (48,757,234)
—	—	219,885,673	20,795,660
—	—	0	640,589
(1,380,067)	1,008,592	(21,835,563)	2,300,031
—	—	(16,452,003)	8,009,022
—	—	(44,577)	146,032
—	(2,443,417)	(2,443,417)	—
—	—	(1,579,487)	(545,752)
—	—	2,034,531	322,886
—	—	1,328,286	—
—	—	98,540	—
10,168,285	143,420	(101,323,403)	793,904
—	—	(35,396)	(2,781,022)
3,495	—	18,801,084	(97,856)
(7,286,381)	—	(13,189,627)	—
—	—	0	1,253,933
—	—	0	21,890
(267,123)	—	38,418,334	945,490
—	—	0	85,795
11,210	—	8,943,066	682,910
—	—	(1,800,085)	—
$ 103,882,272	$ (375,603,536)	$ (2,302,245,645)	$ (16,183,722)
$ (156,708)	$ —	$ (156,708)	$ (55,990,507)

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	Pension Trust	Investment Trust	Private Purpose Trust	Agency	Total
Assets					
Cash and Cash Equivalents	$ 110,985,622	$ 2,445,509,938	$ 11,229,120	$ 171,139,195	$ 2,738,863,875
Receivables					
Interest and Dividends	290,430,439	—	—	—	290,430,439
Other	167,727,102	—	32,225	1,821,151	169,580,478
Investments, at Fair Value					
Certificates of Deposit	—	—	—	4,396,404	4,396,404
Investment Accounts	67,607,888	—	—	—	67,607,888
Repurchase Agreements	784,459,000	—	—	—	784,459,000
Stocks	20,506,429,276	—	—	—	20,506,429,276
U. S. Government Securities and Corporate Obligations	16,822,229,281	—	—	—	16,822,229,281
Real Estate/Mortgages	7,496,075	—	—	—	7,496,075
Mutual Funds	7,608,614	—	—	—	7,608,614
Pooled Investments	12,515,292,767	2,136,271,315	8,011,273	222,647,776	14,882,223,131
Capital Assets					
Land	49,000	—	—	—	49,000
Buildings	414,020	—	—	—	414,020
Software	1,525,000	—	—	—	1,525,000
Machinery and Equipment	964,278	—	132,755	—	1,097,033
Accumulated Depreciation	(150,000)	—	(83,992)	—	(233,992)
Total Assets	$ 51,283,068,362	$ 4,581,781,253	$ 19,321,381	$ 400,004,526	$ 56,284,175,522
Liabilities					
Accounts Payable and Other Accruals	$ 16,461,008	$ —	$ —	$ —	$ 16,461,008
Salaries/Withholdings Payable	133,173	—	66	—	133,239
Due to Other Funds	1,123,010	—	—	—	1,123,010
Funds Held for Others	—	—	—	400,004,526	400,004,526
Deferred Revenue	5,682	—	—	—	5,682
Compensated Absences Payable	—	—	97,179	—	97,179
Total Liabilities	$ 17,722,873	$ 0	$ 97,245	$ 400,004,526	$ 417,824,644
Net Assets					
Held in Trust for:					
Pension Benefits	$ 51,265,345,489	$ —	$ —	$ —	$ 51,265,345,489
Pool Participants	—	4,581,781,253	—	—	4,581,781,253
Other Purposes	—	—	19,224,136	—	19,224,136
Total Net Assets	$ 51,265,345,489	$ 4,581,781,253	$ 19,224,136	$ 0	$ 55,866,350,878

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2002

	Pension Trust	Investment Trust	Private Purpose Trust	Total
Additions:				
Contributions/Assessments				
Employer	$ 961,325,420	$ —	$ —	$ 961,325,420
Plan Members	483,451,904	—	63,446,506	546,898,410
Other Contributions				
Fines and Bond Forfeitures	17,557,273	—	—	17,557,273
Insurance Company Premium Taxes	15,230,901	—	—	15,230,901
Other Fees	2,000,897	—	—	2,000,897
Interest and Other Investment Income				
Dividends and Interest	1,674,930,741	107,693,322	1,419,204	1,784,043,267
Net Appreciation (Depreciation) in Fair Value of Investments	(3,753,385,920)	4,409,643	—	(3,748,976,277)
Less: Investment Expense	(40,636,244)	(971,726)	—	(41,607,970)
Net Gain (Loss) on Disposal of Investment Securities	(17,259,745)	—	—	(17,259,745)
Pool Participant Deposits	—	5,933,037,864	—	5,933,037,864
Other				
Transfers from Other Funds	2,693,635	—	—	2,693,635
Miscellaneous	1,030,887	—	4,311	1,035,198
Total Additions	$ (653,060,251)	$ 6,044,169,103	$ 64,870,021	$ 5,455,978,873
Deductions:				
General and Administrative Expenses	$ 29,418,470	$ —	$ 2,081,836	$ 31,500,306
Benefits	1,938,747,402	—	78,681,701	2,017,429,103
Pool Participant Withdrawals	—	5,578,286,227	—	5,578,286,227
Refunds	55,238,771	—	—	55,238,771
Total Deductions	$ 2,023,404,643	$ 5,578,286,227	$ 80,763,537	$ 7,682,454,407
Change in Net Assets Held in Trust for:				
Pension Benefits	$ (2,676,464,894)	$ —	$ —	$ (2,676,464,894)
Pool Participants	—	465,882,876	—	465,882,876
Other Purposes	—	—	(15,893,516)	(15,893,516)
Net Assets, July 1 (Restated)	53,941,810,383	4,115,898,377	35,117,652	58,092,826,412
Net Assets, June 30	$ 51,265,345,489	$ 4,581,781,253	$ 19,224,136	$ 55,866,350,878

The notes to the financial statements are an integral part of this statement.

Combining Statement of Net Assets
Component Units
June 30, 2002

	Development Authority	Environmental Facilities Authority	Housing and Finance Authority	Lottery Corporation	Ports Authority
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 45,690	$ 172,575,906	$ 20,426,108	$ 15,372,498	$ 21,249,290
Investments	3,284	137,759,902	7,711,039	(5,264,498)	6,442,300
Receivables					
Accounts (Net)	—	3,535,565	—	60,629,000	22,499,000
Interest and Dividends	1,906,573	5,408,143	492,573	—	—
Due from Primary Government	—	1,940,336	—	—	—
Intergovernmental Receivables	—	—	—	—	—
Inventories	—	—	—	—	3,288,000
Prepaid Items	—	—	—	3,981,000	245,000
Other Current Assets	—	—	—	—	28,000
Noncurrent Assets:					
Investments	—	—	63,292,072	—	12,414,410
Receivables (Net)					
Notes and Loans	87,193,071	673,762,191	133,472,625	—	—
Other	—	—	—	—	6,112,000
Restricted Assets					
Cash and Cash Equivalents	—	7,193,563	116,114,516	500,000	3,609,058
Investments	—	—	24,813,767	210,774,000	2,758,942
Receivables					
Loans (Net)	—	—	709,245,348	—	—
Interest and Dividends	—	—	6,409,850	—	—
Other	—	—	—	—	—
Deferred Charges	—	—	15,263,261	—	—
Capital Assets:					
Land	—	—	800,000	—	110,759,000
Buildings and Building Improvements	—	—	3,865,000	2,130,000	114,869,000
Improvements Other Than Buildings	—	—	—	—	125,904,000
Machinery and Equipment	—	44,648	3,483,570	14,110,000	141,060,000
Software	—	—	—	188,000	—
Works of Art and Collections	—	—	—	—	—
Infrastructure	—	—	—	—	137,321,000
Construction in Progress	—	—	—	—	31,796,000
Accumulated Depreciation	—	(19,663)	(3,946,261)	(13,772,000)	(254,544,000)
Other Noncurrent Assets	—	2,548,029	5,223,438	—	1,664,000
Total Assets	$ 89,148,618	$ 1,004,748,620	$ 1,106,666,906	$ 288,648,000	$ 487,475,000

The notes to the financial statements are an integral part of this statement.

Public Telecommunications Commission	Road and Tollway Authority	Stone Mountain Memorial Association	Student Finance Authority	World Congress Center Authority	Nonmajor Component Units	Total
$ 12,980,746	$ 16,716,229	$ 176,917	$ 1,568,355	$ 20,912,152	$ 73,010,698	$ 355,034,589
2,521,065	11,905,108	17,007,735	3,081,294	345,035	43,304,014	224,816,278
641,242	1,402,776	21,571	735,993	5,106,815	7,726,055	102,298,017
—	—	—	2,465,264	—	217,573	10,490,126
—	—	—	284,203	—	1,154,447	3,378,986
—	—	—	151,654	—	6,359,057	6,510,711
19,435	—	5,944	—	437,120	3,456,052	7,206,551
—	8,247	33,919	—	1,829,145	322,434	6,419,745
—	—	—	217,417	—	—	245,417
—						
—	—	—	—	39,713,019	5,505,530	120,925,031
—	—	—	56,926,655	—	—	951,354,542
—	—	—	—	—	—	6,112,000
—	285,425,509	—	—	6,860,830	—	419,703,476
—	341,541,787	—	—	26,564,506	—	606,453,002
			—			
—	—	—	—	—	—	709,245,348
—	—	—	—	—	—	6,409,850
—	39,271,138	—	—	—	—	39,271,138
—	2,740,698	—	—	—	—	18,003,959
1,278,948	10,415,915	7,183,097	—	37,282,886	10,884,801	178,604,647
26,127,162	5,063,231	72,769,183	4,191,655	209,402,736	94,279,389	532,697,356
—	2,484,921	21,924,038	—	35,797,675	5,390,588	191,501,222
54,227,788	4,154,039	26,904,789	1,818,175	10,796,939	20,565,317	277,165,265
—	—	—	—	—	—	188,000
—	—	121,823	—	—	79,225	201,048
—	1,135,841	—	—	—	10,731,223	149,188,064
—	—	204,165	—	—	5,023,297	37,023,462
(48,645,735)	(6,848,876)	(48,846,984)	(3,415,869)	(78,646,479)	(28,359,816)	(487,045,683)
—	48,232,525	241,087	—	—	21,434	57,930,513
$ 49,150,651	$ 763,649,088	$ 97,747,284	$ 68,024,796	$ 316,402,379	$ 259,671,318	$ 4,531,332,660

(continued)

Combining Statement of Net Assets
Component Units (continued)
June 30, 2002

	Development Authority	Environmental Facilities Authority	Housing and Finance Authority	Lottery Corporation	Ports Authority
Liabilities					
Current Liabilities:					
Accounts Payable and Other Accruals	$ 803,413	$ 3,228,153	$ 25,856,159	$ 76,221,000	$ 1,955,113
Due to Primary Government	—	103,537	999	—	35,285
Salaries/Withholdings Payable	—	—	—	—	328,245
Accrued Interest Payable	—	1,513,563	3,765,018	—	—
Contracts Payable	—	—	—	—	7,440,000
Deferred Revenue	—	10,178,114	125,945,560	—	—
Compensated Absences Payable - Current	—	—	—	—	—
Capital Leases/Installment Purchases Payable - Current	—	—	—	—	—
Notes and Loans Payable - Current	5,031,924	—	—	—	273,000
Revenue Bonds Payable - Current	—	5,680,000	—	—	1,900,000
Grand Prizes Payable - Current	—	—	—	15,046,000	—
Other Current Liabilities	—	—	20,382,857	8,000	—
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	—	—	—	—	—
Deferred Revenue	—	—	—	—	—
Bond Anticipation Notes Payable - Current	—	—	—	—	—
Revenue Bonds Payable - Current	—	—	—	—	—
Other	—	—	—	—	—
Noncurrent Liabilities:					
Deferred Revenue	—	—	—	—	225,000
Compensated Absences Payable	—	—	—	—	1,233,357
Capital Leases/Installment Purchases Payable	—	—	—	—	—
Notes and Loans Payable	33,489,301	—	—	—	5,226,000
Revenue/Mortgage Bonds Payable	—	61,361,203	821,925,366	—	24,571,000
Grand Prizes Payable	—	—	—	186,170,000	—
Advances from Primary Government	—	—	—	—	—
Customer Deposits	—	—	—	—	—
Other Noncurrent Liabilities	13,598,030	—	—	1,564,000	3,248,000
Total Liabilities	$ 52,922,668	$ 82,064,570	$ 997,875,959	$ 279,009,000	$ 46,435,000
Net Assets					
Invested in Capital Assets, Net of Related Debt	$ —	$ 24,985	$ 4,202,309	$ 2,656,000	$ 380,736,000
Restricted for:					
Bond Covenants/Debt Service	—	5,010,573	—	—	6,368,000
Construction	—	—	—	—	—
Loan and Grant Programs	—	22,300,043	—	—	—
Other Purposes	—	—	—	500,000	—
Unrestricted	36,225,950	895,348,449	104,588,638	6,483,000	53,936,000
Total Net Assets	$ 36,225,950	$ 922,684,050	$ 108,790,947	$ 9,639,000	$ 441,040,000

The notes to the financial statements are an integral part of this statement.

Public Telecommunications Commission	Road and Tollway Authority	Stone Mountain Memorial Association	Student Finance Authority	World Congress Center Authority	Nonmajor Component Units	Total
$ —	$ 1,007,891	$ 685,550	$ 577,737	$ 2,302,478	$ 17,830,567	$ 130,468,061
—	16,744,468	3,541,746	—	3,914	4,379	20,434,328
22,970	—	—	—	277,324	2,809,862	3,438,401
—	—	95,651	—	—	—	5,374,232
—	—	—	—	—	49,637	7,489,637
553,814	6,153	—	8,849,492	16,873,786	1,239,784	163,646,703
492,100	—	—	—	121,525	333,405	947,030
1,903,111	—	—	—	—	120,961	2,024,072
—	41,446,212	—	9,000,000	—	34,402	55,785,538
—	8,053,536	—	—	—	—	15,633,536
—	—	—	—	—	—	15,046,000
—	—	—	1,598,840	—	150,649	22,140,346
—	10,674,562	—	—	5,112,359	—	15,786,921
—	3,218,583	—	—	—	—	3,218,583
—	259,888,788	—	—	—	—	259,888,788
—	5,845,000	—	—	5,310,000	—	11,155,000
—	230,037	—	—	—	—	230,037
—	—	—	—	—	—	225,000
603,716	—	—	—	1,367,121	799,800	4,003,994
2,207,325	—	—	—	—	144,913	2,352,238
—	—	—	—	—	281,182	38,996,483
—	414,555,449	—	—	178,300,000	—	1,500,713,018
—	—	—	—	—	—	186,170,000
—	—	2,499,397	—	—	—	2,499,397
—	—	—	—	6,860,830	—	6,860,830
—	—	—	—	279,487	—	18,689,517
$ 5,783,036	$ 761,670,679	$ 6,822,344	$ 20,026,069	$ 216,808,824	$ 23,799,541	$ 2,493,217,690
$ 28,877,727	$ 16,405,071	$ 80,260,111	$ 2,593,961	$ 31,023,757	$ 117,416,467	$ 664,196,388
—	15,302	—	—	21,452,147	—	32,846,022
—	—	—	—	31,600,000	—	31,600,000
—	—	—	—	—	—	22,300,043
414,150	—	—	—	62,991	7,528,050	8,505,191
14,075,738	(14,441,964)	10,664,829	45,404,766	15,454,660	110,927,260	1,278,667,326
$ 43,367,615	$ 1,978,409	$ 90,924,940	$ 47,998,727	$ 99,593,555	$ 235,871,777	$ 2,038,114,970

Combining Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2002

	Development Authority	Environmental Facilities Authority	Housing and Finance Authority	Lottery Corporation	Ports Authority
Expenses	$ 3,406,899	$ 25,485,649	$ 82,749,908	$ 2,330,458,000	$ 96,933,000
Program Revenues:					
Charges for Services	$ 5,439,028	$ 28,952,830	$ 55,330,906	$ 2,326,420,000	$ 104,668,000
Operating Grants and Contributions	—	34,442,425	24,652,240	—	—
Capital Grants and Contributions	—	45,106,938	—	—	12,219,000
Total Program Revenues	$ 5,439,028	$ 108,502,193	$ 79,983,146	$ 2,326,420,000	$ 116,887,000
Net (Expenses) Revenue	$ 2,032,129	$ 83,016,544	$ (2,766,762)	$ (4,038,000)	$ 19,954,000
General Revenues:					
Taxes	$ —	$ —	$ —	$ —	$ —
Unrestricted Investment Income	29,238	1,702,408	12,968,431	8,757,000	1,431,000
Payments from the State of Georgia	—	—	—	—	—
Other	—	2,135,948	—	81,000	3,091,000
Total General Revenues	$ 29,238	$ 3,838,356	$ 12,968,431	$ 8,838,000	$ 4,522,000
Change in Net Assets	$ 2,061,367	$ 86,854,900	$ 10,201,669	$ 4,800,000	$ 24,476,000
Net Assets, July 1 (Restated)	34,164,583	835,829,150	98,589,278	4,839,000	416,564,000
Net Assets, June 30	$ 36,225,950	$ 922,684,050	$ 108,790,947	$ 9,639,000	$ 441,040,000

The notes to the financial statements are an integral part of this statement.

Public Telecommunications Commission	Road and Tollway Authority	Stone Mountain Memorial Association	Student Finance Authority	World Congress Center Authority	Nonmajor Component Units	Total
$ 35,646,317	$ 113,854,643	$ 9,453,063	$ 70,794,365	$ 76,419,132	$ 204,111,561	$ 3,049,312,537
$ 3,904,893	$ 21,805,927	$ 11,475,605	$ 7,577,151	$ 49,589,446	$ 85,180,754	$ 2,700,344,540
8,357,580	—	—	3,515,845	105,233	28,751,560	99,824,883
340,333	—	—	—	—	10,753,769	68,420,040
$ 12,602,806	$ 21,805,927	$ 11,475,605	$ 11,092,996	$ 49,694,679	$ 124,686,083	$ 2,868,589,463
$ (23,043,511)	$ (92,048,716)	$ 2,022,542	$ (59,701,369)	$ (26,724,453)	$ (79,425,478)	$ (180,723,074)
$ —	$ —	$ —	$ —	$ 18,683,678	$ 3,549,346	$ 22,233,024
191,924	10,014,276	767,630	210,108	2,826,048	3,443,109	42,341,172
22,205,363	39,271,138	—	51,068,332	—	90,035,781	202,580,614
334	—	4,141	—	46,072	2,459,191	7,817,686
$ 22,397,621	$ 49,285,414	$ 771,771	$ 51,278,440	$ 21,555,798	$ 99,487,427	$ 274,972,496
$ (645,890)	$ (42,763,302)	$ 2,794,313	$ (8,422,929)	$ (5,168,655)	$ 20,061,949	$ 94,249,422
44,013,505	44,741,711	88,130,627	56,421,656	104,762,210	215,809,828	1,943,865,548
$ 43,367,615	$ 1,978,409	$ 90,924,940	$ 47,998,727	$ 99,593,555	$ 235,871,777	$ 2,038,114,970

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Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

With the exception of the departures from generally accepted accounting principles (GAAP) disclosed in the following paragraphs, the financial statements of the State of Georgia have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

During fiscal year ended June 30, 2002, the State implemented the following new accounting standards issued by the GASB: Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*. The new standards also require reformatting of the financial statements and restating of beginning balances.

B. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered both the organizations that comprise the primary government and potential component units. The primary government consists of all the organizations that compose the legal entity of the State of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, retirement funds, associations and other funds that are not legally separate are, for financial reporting purposes, considered part of the primary government. In addition, included within the primary government are organizations which are legally separate but so intertwined with the primary government that they are, in substance, part of the primary government.

The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. This Section defines a component unit as a legally separate organization for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and the significance of the relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Financial accountability is the ability to appoint a voting majority of an organization's governing board and to impose will upon the organization or to have exist the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. In addition, organizations that are fiscally dependent upon the primary government were considered as potential component units.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and therefore data from these units are combined with that of the primary government. The blended component units are as follows:

Georgia Building Authority (Hospital) *(Capital Projects Fund)* is a body corporate and politic. The authority is responsible for the construction and management of hospitals, health care facilities, dormitories and housing accommodations for the use of patients, officers and employees under the control of any State agency. The Board consists of four State officials designated by statute and one member appointed by the Governor.

Georgia Building Authority (Markets) *(Capital Projects Fund)* is a body corporate and politic. The authority is responsible for the construction and management of farmers' markets. The Board consists of four State officials designated by statute and one member appointed by the Governor.

Georgia Building Authority (Penal) *(Capital Projects Fund)* is a body corporate and politic. The authority was created for the purpose of constructing and managing penal institutions, penitentiaries, prisons and prison institutes, detention and corrections institutions, rehabilitation facilities and county correctional institutions. The Board consists of four State officials designated by statute and one member appointed by the Governor.

Georgia Education Authority (University) *(Capital Projects Fund)* is a body corporate and politic. The authority is charged with the overall responsibility of the construction and management of housing accommodations, classrooms, laboratories, libraries, dormitories and instructional,

Note 1. Summary of Significant Accounting Policies (continued)

administrative and recreational facilities for students, faculty, officers and employees of any institution under control of the Board of Regents. The Board consists of five State officials designated by statute and one member appointed by the Governor.

Georgia Technology Authority *(Enterprise Fund)* is an instrumentality of the State of Georgia and a public corporation. The authority is responsible for the procurement of technology resources, technology enterprise management and technology portfolio management, as well as the centralized marketing, provision, sale and leasing, or execution of license agreements, for access on line or in volume, of certain public information maintained in electronic format to the public. State officials appoint the eleven members of the authority. Any funds in excess of those needed for the corporate purposes of the authority are required to be transferred to the General Fund.

Georgia Building Authority *(Internal Service Fund)* is a body corporate and politic. The purpose of this authority is to construct and manage buildings and facilities intended for use as office space, public parks and public parking facilities, the executive mansion and laboratories. The Board consists of four State officials designated by statute and one member appointed by the Governor.

Georgia Correctional Industries Administration *(Internal Service Fund)* is a public corporation, which utilizes inmates in the manufacturing of products for sale to State agencies and others. The Governor appoints one Board member from each congressional district in the State, as well as appointing five additional members from the State at large.

Employees' Retirement System of Georgia *(Pension Trust Fund)* is a single-employer, public employee retirement system established to provide benefits for employees of the State. The system is governed by a seven member Board of Trustees, three of which are State officials designated by statute, and one who is appointed by the Governor. The system administers five blended defined benefit pension plans: the ***Employees' Retirement System Fund***, the ***District Attorneys' Retirement Fund***, the ***Georgia Judicial Retirement System***, the ***Legislative Retirement System***, and the ***Superior Court Judges Retirement Fund.*** The State provides a substantial amount of funding for these retirement systems in the form of employer contributions and administrative expenses.

Georgia Military College *(Higher Education Fund)* is a body corporate and politic. This institution is dedicated to providing a high-quality military education to the youth of the State. The Board consists of the mayor of the City of Milledgeville, and one trustee elected from each of the six municipal voting districts of the City of Milledgeville, as required by statute.

Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The discretely presented component units are as follows:

Georgia Education Authority (Schools) is a body corporate and politic. The authority is responsible for the construction of buildings and facilities intended for use as school buildings, classrooms, laboratories, libraries and instructional, administrative and recreational facilities for students, faculty, officers and employees of any institution under control of a county or city board of education or governing body of any independent district or system. The Board consists of six State officials designated by statute and one member appointed by the Governor.

Georgia Public Telecommunications Commission is a body corporate and politic. This commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the commission must be approved by the State. The Board consists of nine members appointed by the Governor.

Georgia Regional Transportation Authority is a body corporate and politic. The purpose of the authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the authority.

Georgia Agricultural Exposition Authority is a body corporate and politic. This authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Agrirama Development Authority is a body corporate and politic. The purpose of this authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around

Note 1. Summary of Significant Accounting Policies (continued)

Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Development Authority is a body corporate and politic. The authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

Georgia Environmental Facilities Authority is a body corporate and politic. The authority provides assistance to local governments in constructing, extending, rehabilitating, repairing, replacing and renewing environmental facilities by providing financial and technical assistance. The Board consists of three State officials designated by statute and eight members appointed by the Governor.

Georgia Golf Hall of Fame Authority is a body corporate and politic. The authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Higher Education Assistance Corporation is a public authority, body corporate and politic. The corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of four State officials designated by statute and eleven members appointed by the Governor.

Georgia Highway Authority is a body corporate and politic. This authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Housing and Finance Authority is a body corporate and politic. The authority is responsible for facilitating housing and housing finance, and financing for health facilities and health care services throughout the State. The Governor appoints the sixteen members of the Board.

Georgia International and Maritime Trade Center Authority is a body corporate and politic. The authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes. State officials appoint eight of the twelve members of the Board.

Georgia Lottery Corporation is a public body, corporate and politic. The corporation operates lottery games to provide continuing entertainment to the public and maximize revenues, the net proceeds of which are utilized to support improvements and enhancements for educational purposes. The corporation is governed by a board of directors composed of seven members, all of which are appointed by the Governor. The State is legally entitled to residual resources of the corporation.

Georgia Music Hall of Fame Authority is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as promoting music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Ports Authority is a body corporate and politic. The purpose of the authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor.

Georgia Rail Passenger Authority is a body corporate and politic. This authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member appointed by the Governor from each congressional district, as well as two appointed members from the State at large. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Seed Development Commission is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The commission consists of ten members who are accountable as

Note 1. Summary of Significant Accounting Policies (continued)

trustees. Of the ten members serving on the Board, six members are State officials or are appointed by State officials. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Georgia Student Finance Authority is a body corporate and politic. This authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the authority by the State. State officials comprise four of the fifteen members of the Board, and the Governor appoints the remaining eleven.

Geo. L. Smith II Georgia World Congress Center Authority is a body corporate and politic and an instrumentality and public corporation of the State. The authority is responsible for acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. The Governor appoints the fifteen members of the Board.

Georgia Sports Hall of Fame Authority is a body corporate and politic. This authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the eighteen members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of bonds. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Jekyll Island State Park Authority is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Lake Lanier Islands Development Authority is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

North Georgia Mountains Authority is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

OneGeorgia Authority is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Sapelo Island Heritage Authority is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor. The State has assumed the obligation to provide financial support for real property acquisition. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

Southwest Georgia Railroad Excursion Authority is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created for the purposes of construction, financing, operation, and development of rail passenger excursion projects utilizing any state owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

State Road and Tollway Authority is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to construct, operate and manage a system of roads, bridges and tunnels and facilities

Note 1. Summary of Significant Accounting Policies (continued)

related thereto. The Board consists of three State officials designated by statute and two members appointed by State officials.

Stone Mountain Memorial Association is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

Superior Court Clerks' Cooperative Authority is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

Fiduciary component units are required by GAAP to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

Georgia Class Nine Fire Department Pension Fund *(Pension Trust Fund)* is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia. The Board of Trustees of the Georgia Firefighters' Pension Fund also serves as the Board of Trustees of this pension fund. Benefit provisions and vesting requirements are established by State statute.

Georgia Firefighters' Pension Fund *(Pension Trust Fund)* is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the firemen of the State of Georgia. The Board of Trustees consists of two State officials designated by statute and three members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

Judges of the Probate Courts Retirement Fund of Georgia *(Pension Trust Fund)* is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the judges of the Probate Courts of the State of Georgia. The Board consists of one State official designated by statute and six members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

Peace Officers' Annuity and Benefit Fund of Georgia *(Pension Trust Fund)* is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the peace officers of the State of Georgia. The Board of Commissioners of the Annuity and Benefit Fund consists of two State officials designated by statute and four members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

Public School Employees Retirement System *(Pension Trust Fund)* is a single-employer, defined benefit pension plan established for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The Employees' Retirement System Board of Trustees and two other Governor's appointees not on the Employees' Retirement System Board administer this retirement fund.

Sheriffs' Retirement Fund of Georgia *(Pension Trust Fund)* is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the sheriffs of the State of Georgia. The Board consists of one State official designated by statute and five members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

Superior Court Clerks' Retirement Fund of Georgia *(Pension Trust Fund)* is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the Superior Court Clerks of the State of Georgia. The Board consists of one State official designated by statute and six members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

Teachers Retirement System of Georgia *(Pension Trust Fund)* is a cost-sharing multiple-employer plan created by an act of the Georgia General Assembly to provide retirement, service, disability and survivors' benefits for qualifying teachers. The Board of Trustees is comprised of ten members, eight of which are State officials or are appointed by State officials. The State provides a substantial amount of funding to this retirement system in the form of employer contributions.

Note 1. Summary of Significant Accounting Policies (continued)

The State's significant discretely presented component units issue their own separate audited financial statements. These financial statements can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 254 Washington Street, S.W., Atlanta, Georgia 30334.

C. Government-Wide and Fund Financial Statements

Government Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting with the exception of the following individual pension trust funds which are reported essentially on the cash basis:

Class Nine Fire Department Pension Fund
Firefighters' Pension Fund
Judges of the Probate Courts Retirement Fund
Peace Officers' Annuity and Benefit Fund of Georgia
Sheriffs' Retirement Fund of Georgia

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Principal revenue sources that are susceptible to accrual include income taxes, sales and use taxes, federal grants and shared revenues. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As allowed by GASB Statement No. 20, the State's proprietary funds follow FASB Statements and Interpretations issued on or before November 30, 1989,

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The State reports the following major governmental funds:

The ***General Fund*** is used to account for all financial transactions not required to be accounted for in another fund. These transactions relate to resources obtained and used for services traditionally provided by a state government.

The ***Georgia State Financing and Investment Commission*** accounts for the construction of projects for state agencies financed through the issuance of public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The ***State Employees' Health Benefit Plan*** is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The ***Georgia Technology Authority*** is primarily responsible for the procurement of technology resources, technology enterprise management and technology portfolio management, as well as the centralized marketing, provision, sale and leasing, or execution of license agreements, for access on line or in volume, of certain public information maintained in electronic format to the public.

The ***Unemployment Compensation Fund*** accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

The ***Higher Education Fund*** accounts for the operations of State colleges and universities and State technical colleges.

Additionally, the State reports the following fund types:

Governmental Fund Types:

Debt Service Funds – Used to account for the payment of principal and interest on general long-term debt.

The primary government debt service fund is the General Obligation Debt Sinking Fund, which is administered by the Office of Treasury and Fiscal Services. The Debt Sinking Fund is responsible for the accumulation of resources for the payment of principal and interest on general obligation bonds.

Capital Projects Funds - Used to account for the acquisition or construction of capital facilities.

Permanent Funds – Used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry.

Proprietary Fund Types:

Internal Service Funds - Used to account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government.

Fiduciary Fund Types:

Pension Trust Funds –Used to account for the Employees' Retirement System in the primary government and the eight individual retirement plans that meet the definition of a component unit of the State.

Investment Trust Funds – Used to account for external portions of government-sponsored investment pools.

Private Purpose Trust Funds – Used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Agency Funds - Used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

Discretely Presented Component Units:

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Note 1. Summary of Significant Accounting Policies (continued)

E. Budgets

The annual budget of the State of Georgia is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental level. The appropriated budget covers most governmental funds included in the State reporting entity but excludes the capital projects funds and certain debt service funds that are not subject to appropriation. The budget includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.
Encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

F. Assets, Liabilities, and Net Assets/Fund Balances

Cash and Cash Equivalents
Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions. Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired, with the exception of the Higher Education Fund, which reports all time deposits as cash.

Investments
Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue.

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51). The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63). Such cash is managed in a pooled investment fund to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity.

Authorized pool investments are limited to the following in accordance with State statutes:

1) Obligations of the State of Georgia or of other states;
2) Obligations issued by the United States government;
3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
4) Obligations of any corporation of the United States government;
5) Prime banker's acceptances;
6) Repurchase Agreements;
7) Obligations of other political subdivisions of the State; and
8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

The Primary Liquidity Portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at

Note 1. Summary of Significant Accounting Policies (continued)

the pool's share price, $1.00 per share. Investments are directed toward short-term instruments such as U. S. Treasury obligations, securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, banker's acceptances, corporate obligations and repurchase agreements.

The Secondary Liquidity Portfolio consists of certificates of deposit with average investment duration of .17 years.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. It is a variable net asset value investment pool that follows Standard and Poor's criteria for AAAf rated funds. The pool is not registered with the SEC as an investment company. The pool's primary objective is the prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on the current share price, which at June 30, 2002, was $2.02 per share. Investments consist generally of securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. The average investment duration at June 30, 2002, was 1.31 years.

The Extended Term Portfolio includes three other funds: two consisting generally of repurchase agreements and certain U. S. Government Securities with average investment durations at June 30, 2002, of 1.39 and 1.69 years; and a third fund consisting generally of repurchase agreements and certain U.S. Government Securities which include mortgage-backed securities such as collateralized mortgage obligations and adjustable rate mortgages. These mortgage-backed securities are reported as U. S. Government Securities in the disclosure of custodial credit risk (see Note 3). Investments in this third fund are transacted by an external investment management firm under direction of an investment advisory agreement executed between the Office of Treasury and Fiscal Services and the investment management firm. The agreement directs the investment firm to utilize the Merrill Lynch 1-3 year Treasury Index in managing the average duration of the overall portfolio, excluding cash, to within plus or minus six months of the duration of the Index. The average investment duration for this fund on June 30, 2002, was 1.59 years. The agreement also places limitations on individual security purchases and holdings. As of June 30, 2002, the State had $70,273,395 invested in U. S. agency mortgage-backed securities.

Other organizations of the State of Georgia reporting entity invest in a variety of financial activities. These investments may include brokered certificates of deposit, commercial paper, convertible bonds, corporate bonds, notes and obligations, foreign bonds, investment agreements, mortgages, municipal bonds, mutual funds, real estate, real estate mortgages and notes, real estate investment trust limited partnerships, repurchase agreements, short-term investments, stocks, and U. S. Treasury bonds, notes, and bills. Investments of other organizations are stated at fair value at June 30, 2002.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2002, the Department held surety bonds in the amount of $20,812,926, and cash bonds in the amount of $14,023,403. These bonds are not recorded on the Combined Balance Sheet.

Securities are held pursuant to statutes that require licensed insurance companies to deposit securities with the Department of Insurance prior to issuance of a certificate of authority to transact insurance by the Commissioner of Insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State of Georgia or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities is allowed as long as the required levels of deposits are maintained. At June 30, 2002, securities valued at $204,712,471 were held by the Department of Insurance. These securities are not recorded on the Combined Balance Sheet.

Construction contracts awarded by the Department of Transportation usually include provisions to withhold a percentage of the payments until the project reaches a specified state of completion. Georgia law requires that these funds be deposited in a state or national bank chartered

Note 1. Summary of Significant Accounting Policies (continued)

within this State. The State controls only the release of these funds; the assets in the accounts are considered to be the property of the contractor. Therefore, no assets and liabilities for these escrow accounts have been included in these financial statements. At June 30, 2002, $2,103,127 in escrow deposits was administered by the Department of Transportation.

Receivables
Receivables in the State's governmental funds pertain primarily to Federal revenues and revenues applicable to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements.

Due To/From Other Funds
Equally offsetting asset and liability accounts are used to account for amounts owed to a particular fund by another fund for short-term obligations on goods sold or services rendered.

Advances
Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Inventories
Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations under the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year. USDA Donated Food Inventories are shown at a value established by the U. S. Department of Agriculture. Donated food inventories are equally offset by an amount to indicate that they do not constitute "available expendable resources" even though they are a component of net current assets. The fund balance reserve is based on values established by the U. S. Department of Agriculture.

Prepaid Items
Payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items.

Restricted Assets
Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets
Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Assets. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized.

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets are stated at fair market value at the time of donation. All land and non-depreciable land improvements are capitalized regardless of cost. Buildings and Improvements Other Than Buildings are capitalized when the cost or value exceeds $100,000. Machinery and Equipment is capitalized when costs or value exceeds $5,000. The State's bridges and roadways included in the state highway system are capitalized regardless of cost. All other infrastructure assets are capitalized when project costs exceed $1,000,000, except for infrastructure assets reported by the Higher Education Fund, which are capitalized when costs are greater than $100,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because the collections are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the state highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred

Note 1. Summary of Significant Accounting Policies (continued)

during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset, with the exception of construction projects funded through the Stone Mountain Memorial Association (discretely presented component unit).

All depreciable capital assets are depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and Building Improvements	5-40 years
Improvements Other Than Buildings	15-50 years
Machinery and Equipment	3-20 years
Software	3-10 years
Library Collections	10 years

Due to the lack of complete and accurate inventory records applicable to State-owned land, and the lack of historical cost values for certain parcels of land, the amount reported as land does not represent a comprehensive valuation of the assets owned by the State of Georgia.

Certain capital assets acquired through capital leases in prior years have not been recorded on the financial statements at the net present value of the minimum lease payments as is required by GAAP.

Compensated Absences
Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Deferred Revenue
In the government-wide statements, proprietary fund statements, and fiduciary fund statements, deferred revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable.

Mortgage Loans Under Repurchase Agreements
At June 30, 2002, mortgage loans totaling $13,598,030 have been transferred and assigned to lenders under repurchase agreements by the Georgia Development Authority (Component Units). The agreements give the lenders the option to have the Authority repurchase the mortgage loans for an amount equal to the then outstanding balance of principal and interest due during a specified period of time.

In addition, the Authority guarantees the principal and interest payment by the borrower to the lender within thirty (30) days of the due date. Any payment not received within thirty (30) days is considered advanced to the borrower and paid to the lender by the Authority. The Authority then charges the borrower interest on these advances for the period outstanding at a penalty rate agreed upon at the loan origination date.

Long-Term Obligations
Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide statement of net assets and on the proprietary fund statement of net assets in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets
Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of

Note 1. Summary of Significant Accounting Policies (continued)

accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

Fund Balances
In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.

F. Interfund Activity and Balances

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the statement of net assets except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net assets.

G. Fiscal Reporting Periods

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association, whose fiscal year end is December 31. On the government-wide Statement of Net Assets, amounts due to/from component units do not reconcile due to this difference in fiscal year ends.

Note 2. Accounting Changes

As mentioned in Note 1, the State implemented several new accounting standards during the fiscal year:

GASB Statement Nos. 34, 35 and 37 establish new financial reporting standards for governments and public higher education institutions. The new requirements represent significant changes in the financial reporting model used by state governments and public institutions, including numerous changes to the reporting funds and financial statement formats. In addition, the former fixed asset and long-term debt account groups have been eliminated. The data previously reported in these account groups are now reported in the government-wide statements. As a result of the fund reclassifications, numerous adjustments were required to the prior period balances.

GASB Statement No. 38 requires that certain note disclosures accompany financial statements prepared in conformity with GASB Statement No. 34.

The provisions of the new reporting standards have been incorporated into the financial statements and accompanying notes. The following tables summarize the changes in fund equities as previously reported on the Combined Balance Sheet. These changes resulted primarily from the implementation of these GASB Statements.

Note 2. Accounting Changes (continued)

	June 30, 2001 As Previously Reported	Fund Reclassifications	Other	June 30, 2001 (Restated)
GOVERNMENTAL FUNDS AND ACTIVITIES				
Major Funds:				
General Fund	$ 5,190,624,353	$ (47,581,351)	$ (282,528,755)	$ 4,860,514,247
Georgia State Financing and Investment Commission	1,643,231,446	—	307,805,363	1,951,036,809
	—			
Nonmajor Funds:				
Debt Service Fund	135,253,964	—	—	135,253,964
Capital Projects Funds	8,640,292	—	—	8,640,292
Permanent Fund	—	13,500	—	13,500
Total Governmental Funds	$ 6,977,750,055	$ (47,567,851)	$ 25,276,608	$ 6,955,458,812
Adoption of GASB Statement No. 34				
Capital Assets, net of depreciation	—	2,947,654,790	85,646,354	3,033,301,144
Infrastructure (DOT), net of depreciation	—	—	10,487,444,433	10,487,444,433
Long-Term Liabilities	—	(5,548,544,874)	(36,271,432)	(5,584,816,306)
Other Liabilities	—	—	(105,946,695)	(105,946,695)
Inventory Adjustment	—	—	(2,334,646)	(2,334,646)
Revenue Recognition	—	—	8,150,519	8,150,519
Internal Service Funds	—	1,269,592,252	(26,943,050)	1,242,649,202
Less: Amount shown in Business-Type Activities	—	—	(699,260)	(699,260)
TOTAL GOVERNMENTAL FUNDS AND ACTIVITIES	$ 6,977,750,055	$ (1,378,865,683)	$ 10,434,322,831	$ 16,033,207,203
PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES				
Major Funds:				
Georgia Technology Authority	$ 41,733,201	$ —	$ 8,135,320	$ 49,868,521
Higher Education Fund	6,143,390,243	600,153,187	(3,204,416,487)	3,539,126,943
State Employees' Health Benefit Plan	352,047,498	—	(119,019)	351,928,479
Unemployment Compensation Fund	—	1,808,936,221	—	1,808,936,221
Nonmajor Funds:				
Internal Service Funds	1,269,592,252	(1,269,592,252)	—	0
Plus: Amount shown in Business-Type Activities	—	—	699,260	699,260
TOTAL PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES	$ 7,806,763,194	$ 1,139,497,156	$ (3,195,700,926)	$ 5,750,559,424
FIDUCIARY FUNDS				
Pension Trust Funds	$ —	$ 53,928,971,587	$ 12,838,796	$ 53,941,810,383
Private Purpose Trust Funds	—	35,358,957	(241,305)	35,117,652
Investment Trust Funds	—	4,115,898,377	—	4,115,898,377
Trust and Agency Funds	18,613,001,487	(18,613,001,487)	—	0
TOTAL FIDUCIARY FUNDS	$ 18,613,001,487	$ 39,467,227,434	$ 12,597,491	$ 58,092,826,412
General Fixed Assets Account Group	$ 3,531,963,532	$ (3,531,963,532)	$ —	$ 0
General Long-Term Debt Account Group	$ (5,565,331,816)	$ 5,565,331,816	$ —	$ 0
TOTAL PRIMARY GOVERNMENT	$ 31,364,146,452	$ 41,261,227,191	$ 7,251,219,396	$ 79,876,593,039
DISCRETELY PRESENTED COMPONENT UNITS	$ 43,284,700,133	$ (41,265,401,816)	$ —	$ 2,019,298,317
Adoption of GASB Statement No. 34				
Capital Assets, net of depreciation	—	4,626,082	(65,117,887)	(60,491,805)
Long-Term Liabilities	—	(451,457)	(6,739,640)	(7,191,097)
Other Adjustments	—	—	(7,749,867)	(7,749,867)
TOTAL DISCRETELY PRESENTED COMPONENT UNITS	$ 43,284,700,133	$ (41,261,227,191)	$ (71,857,527)	$ 1,943,865,548

Note 3. Deposits and Investments

A. Deposits

Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.

2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.

3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

Primary Government

At year-end, the carrying amounts of the State's deposits were $629,816,874, and the bank balances were $1,486,923,089. The amounts of these bank balances are classified into three categories of credit risk: (1) cash that is insured (e.g., Federal depository insurance) or collateralized with securities held by the State or by its agent in the State's name, (2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the State's name and (3) uncollateralized bank accounts. The State's deposits were classified as follows at June 30, 2002:

Risk Category	Bank Balance
1	$ 394,180,751
2	151,458,636
3	941,283,702
	$ 1,486,923,089

Note 3. Deposits and Investments (continued)

Component Units

At year-end, the component units' deposits were classified as follows:

	Risk Categories				Funds Held by Primary	
	1	2	3	Bank Balance	Government	Carrying Amount
Environmental Facilities Authority	$ 1,039,010	$ —	$ —	$ 1,039,010	$ 309,628,751	$ 7,900,620
Georgia Housing and Finance Authority	42,435,620	—	85,063,531	127,499,151	15,801,442	127,769,554
State Road and Tollway Authority	104,997	—	6,034,731	6,139,728	28,016,974	6,304,726
All Other Component Units	24,416,125	23,250,170	30,175,573	77,841,868	147,997,050	54,229,988
	$ 67,995,752	$ 23,250,170	$ 121,273,835	$ 212,519,757	$ 501,444,217	$ 196,204,888

B. Investments

Investments are stated at fair value, and are summarized and classified as to risk in the following three categories: (1) insured or registered, or securities held by the State or its agent in the State's name, (2) uninsured or unregistered, with securities held by the counterparty's trust department or agent in the State's name or (3) uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. The carrying amounts and risk categories applicable to the State's investments are listed below:

Note 3. Deposits and Investments (continued)

Primary Government

Type of Investment	Risk Categories 1	2	3	Carrying Amount
Commercial Paper	$ 14,152,886	$ 196,917,237	$ —	$ 211,070,123
Investment Accounts	67,607,887	—	—	67,607,887
Municipal Bonds	5,000	—	—	5,000
Repurchase Agreements	5,074,655,618	—	—	5,074,655,618
Stocks	27,685,172,398	63,725,298	—	27,748,897,696
U.S. Government Securities and Corporate Obligations	31,400,556,960	247,693,878	699,636	31,648,950,474
	$ 64,242,150,749	$ 508,336,413	$ 699,636	$ 64,751,186,798
Unclassified				
Real Estate/Mortgages				8,320,002
Mutual Funds				17,672,237
Other				25,012,103
Unemployment Compensation Funds Pooled with the U.S. Treasury				1,521,107,081
Total Investments				$ 66,323,298,221

Note 3. Deposits and Investments (continued)

Component Units

	Type of Investment	Risk Categories 1	2	3	Carrying Amount
Proprietary Fund Types					
Georgia Housing and Finance Authority	Corporate CMO	$ 13,067,139	$ —	$ —	$ 13,067,139
	Mortgage-Backed Securities	43,364,441	—	—	43,364,441
	U.S. Government Securities and Corporate Obligations	32,354,926	—	—	32,354,926
		$ 88,786,506	$ 0	$ 0	$ 88,786,506
Lottery Corporation	U.S. Government Securities and Corporate Obligations	$ 155,764,000	$ —	$ 55,010,000	$ 210,774,000
State Road and Tollway Authority	Repurchase Agreements	$ 323,765,571	$ —	$ —	$ 323,765,571
	U.S. Government Securities and Corporate Obligations	297,436,610	—	—	297,436,610
		$ 621,202,181	$ 0	$ 0	$ 621,202,181
All Other Component Units	Repurchase Agreements	$ 530,721	$ 32,220,567	$ —	$ 32,751,288
	Stocks	260	—	—	260
	U.S. Government Securities and Corporate Obligations	9,864,358	56,132,601	6,112,080	72,109,039
		$ 10,395,339	$ 88,353,168	$ 6,112,080	$ 104,860,587
	Unclassified				
	Other				3,310,000
					$ 108,170,587

Note 3. Deposits and Investments (continued)

C. Investments Lending Program

The State is presently involved in a securities lending program with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U. S. Government and agency securities, mortgage-backed securities issued by a U. S. Government agency, and U. S. Corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled $21,699,039,683 at June 30, 2002, and the collateral value was equal to 104.6%. The loaned securities are classified as category 1 investments based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

Note 3. Deposits and Investments (continued)

D. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2002, and related categorization of investments are as follows:

Georgia Fund 1
Statement of Net Assets
June 30, 2002

Assets		
Cash and Cash Equivalents	$	4,581,757,232
Investments		3,658,999,734
Net Assets	$	8,240,756,966
Distribution of Net Assets		
External Participant Account Balances	$	4,355,623,915
Internal Participant Account Balances		3,885,133,051
	$	8,240,756,966

Georgia Fund 1
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2002

Additions		
Pool Participant Deposits	$	20,038,611,489
Investment Income		206,024,092
Less: Investment Expense		(1,442,538)
Total Additions	$	20,243,193,043
Deductions		
Pool Participant Withdrawals		20,679,585,134
Net Increase	$	(436,392,091)
Net Assets		
July 1, 2001		8,677,149,057
June 30, 2002	$	8,240,756,966

Because the State does not maintain separate bank accounts for Georgia Fund 1, a separate risk categorization for the Fund's deposits cannot be presented. The carrying amount of Georgia Fund 1 deposits as of June 30, 2002, was $44,563,662. This amount is included in the categorization of deposits of the Primary Government. Investments of Georgia Fund 1 are categorized below. These amounts are included in the categorization of investments of the Primary Government.

Type of Investment	Risk Categories 1	2	3	Carrying Amount
Commercial Paper	$ —	$ 166,714,419	$ —	$ 166,714,419
Repurchase Agreements	3,014,571,273	—	—	3,014,571,273
U.S. Government Securities and Corporate Obligations	5,014,907,612	—	—	5,014,907,612
	$ 8,029,478,885	$ 166,714,419	$ 0	$ 8,196,193,304

Note 3. Deposits and Investments (continued)

D. Investment Pools

Georgia Extended Asset Pool
Statement of Net Assets
June 30, 2002

Assets		
Cash and Cash Equivalents	$	146,709,848
Investments		1,047,290,682
	$	1,194,000,530
Distribution of Net Assets		
External Participant Account Balances	$	226,157,339
Internal Participant Account Balances		967,843,191
	$	1,194,000,530

Georgia Extended Asset Pool
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2002

Additions		
Pool Participant Deposits	$	272,690,547
Investment Income		48,274,013
Total Additions	$	320,964,560
Deductions		
Pool Participant Withdrawals		9,006,934
Net Increase	$	311,957,626
Net Assets		
July 1, 2001		882,042,904
June 30, 2002	$	1,194,000,530

Investments of Georgia Extended Asset Pool are categorized below. These amounts are included in the categorization of investments of the Primary Government.

	Risk Categories			Carrying
	1	2	3	Amount
Type of Investment				
Commercial Paper	$ —	$ 26,285,978	$ —	$ 26,285,978
Repurchase Agreements	146,709,848	—	—	146,709,848
U.S. Government Securities and Corporate Obligations	1,021,004,704	—	—	1,021,004,704
	$ 1,167,714,552	$ 26,285,978	$ 0	$ 1,194,000,530

Note 3. Deposits and Investments (continued)

D. Investment Pools

Regents Investment Pool
Statement of Net Assets
June 30, 2002

Assets		
Cash and Cash Equivalents	$	125,452,768
Interest Receivable		811,729
Net Assets	$	126,264,497
Distribution of Net Assets		
External Participant Account Balances	$	20,207,451
Internal Participant Account Balances		106,057,046
	$	126,264,497

Regents Investment Pool
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2002

Additions		
Investment Income		
Interest	$	5,153,962
Fair Value Decreases		(6,302,597)
Less: Investment Expense		(466,276)
Total Additions	$	(1,614,911)
Deductions		
Pool Participant Withdrawals	$	42,944,485
Capital Transactions		(16,093,052)
Total Deductions		26,851,433
Net Decrease	$	(28,466,344)
Net Assets		
July 1, 2001		154,730,841
June 30, 2002	$	126,264,497

Because the State does not maintain separate bank accounts for Regents Investment Pool, a separate risk categorization for the Pool's deposits cannot be presented. The carrying amount of Pool deposits as of June 30, 2002, was $4,301,796. This amount is included in the categorization of deposits of the Primary Government. Investments of Regents Investment Pool are categorized below. These amounts are included in the categorization of investments of the Primary Government.

Type of Investment	Risk Categories 1	2	3	Carrying Amount
Corporate Bonds	$ —	$ 16,990,805	$ —	$ 16,990,805
Repurchase Agreements	—	80,000	—	80,000
Stocks	—	54,909,126	—	54,909,126
U.S. Government Securities and Corporate Obligations	—	49,982,770	—	49,982,770
	$ 0	$ 121,962,701	$ 0	$ 121,962,701

Note 4. Receivables

Receivables as of June 30, 2002, consisted of the following:

	Gross Receivables	Allowance For Uncollectibles	Allowance For Possible Loan Losses	Allowance For Service Repayments	Deferred Loan Fees	Net Total Receivables
Governmental Activities:						
General Fund	$ 2,178,199,817	$ (16,440,077)	$ —	$ —	$ —	$ 2,161,759,740
Georgia State Financing and Investment Commission	1,627,735	—	—	—	—	1,627,735
Nonmajor Governmental	654,107	—	—	—	—	654,107
Total Governmental Funds	$ 2,180,481,659	$ (16,440,077)	$ —	$ —	$ —	$ 2,164,041,582
Internal Service Funds	9,440,985	(300,000)	—	—	—	9,140,985
Long-Term Lease Receivable	2,631,842	—	—	—	—	2,631,842
Receivables from Fiduciary Funds	1,123,000	—	—	—	—	1,123,000
Total Governmental Activities	$ 2,193,677,486	$ (16,740,077)	$ —	$ —	$ —	2,176,937,409
Business-type Activities:						
Georgia Technology Authority	$ 4,663,621	$ —	$ —	$ —	$ —	$ 4,663,621
Higher Education Fund	295,633,216	(5,264,265)	—	—	—	290,368,951
State Employees' Health Benefit Plan	23,570,562	(4,157,556)	—	—	—	19,413,006
Unemployment Compensation Fund	34,008,011	(18,156,919)	—	—	—	15,851,092
Internal Service Funds	1,886	—	—	—	—	1,886
Total Business-type Activities	$ 357,877,296	$ (27,578,740)	$ —	$ —	$ —	$ 330,298,556
Component Units	$ 1,875,895,327	$ (6,328,049)	$ (2,000,384)	$ (35,678,532)	$ (196,630)	$ 1,831,691,732

Note 5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2002, was as follows:

	Balance (Restated) July 1, 2001	Increases	Decreases	Balance June 30, 2002
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 315,266,194	$ 22,368,600	$ (2,410,341)	$ 335,224,453
Works of Art and Collections	6,229,798	10,010	—	6,239,808
Construction in Progress	1,164,480,295	965,331,178	(479,627,284)	1,650,184,189
Total capital assets, not being depreciated	$ 1,485,976,287	$ 987,709,788	$ (482,037,625)	$ 1,991,648,450
Capital Assets Being Depreciated:				
Infrastructure	$ 15,951,774,892	$ 1,325,213,903	$ (934,747,198)	$ 16,342,241,597
Buildings	2,044,379,972	33,256,555	(15,555,854)	2,062,080,673
Improvements Other Than Buildings	35,941,211	6,151,504	—	42,092,715
Machinery and Equipment	732,615,409	105,732,873	(157,399,944)	680,948,338
Software	66,209,462	—	—	66,209,462
Library Collections	3,200,000	—	—	3,200,000
Total Capital Assets Being Depreciated	$ 18,834,120,946	$ 1,470,354,835	$ (1,107,702,996)	$ 19,196,772,785
Less Accumulated Depreciation For:				
Infrastructure	$ (5,460,490,459)	$ (1,073,697,498)	$ 934,747,198	$ (5,599,440,759)
Buildings	(599,676,546)	(45,765,298)	622,462	(644,819,382)
Improvements Other Than Buildings	(14,263,445)	(1,615,811)	—	(15,879,256)
Machinery and Equipment	(396,742,277)	(54,212,706)	73,673,293	(377,281,690)
Software	(25,388,967)	(7,373,879)		(32,762,846)
Library Collections	(3,200,000)	—	—	(3,200,000)
Total Accumulated Depreciation	$ (6,499,761,694)	$ (1,182,665,192)	$ 1,009,042,953	$ (6,673,383,933)
Total Capital Assets Being Depreciated, Net	$ 12,334,359,252	$ 287,689,643	$ (98,660,043)	$ 12,523,388,852
Governmental activity capital assets, net	$ 13,820,335,539	$ 1,275,399,431	$ (580,697,668)	$ 14,515,037,302

Note 5. Capital Assets (continued)

Primary Government

	Balance (Restated) July 1, 2001	Increases	Decreases	Balance June 30, 2002
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 137,245,942	$ 1,137,391	$ —	$ 138,383,333
Works of Art and Collections	9,817,296	10,000	—	9,827,296
Construction in Progress	4,444,898	36,822,532	—	41,267,430
Total capital assets, not being depreciated	$ 151,508,136	$ 37,969,923	$ —	$ 189,478,059
Capital Assets Being Depreciated:				
Infrastructure	$ 105,258,507	$ 5,879,316	$ —	$ 111,137,823
Buildings	3,281,011,949	195,055,959	(1,865,659)	3,474,202,249
Improvements Other Than Buildings	114,279,547	1,782,531	(341,981)	115,720,097
Machinery and Equipment	902,950,446	168,164,090	(45,121,324)	1,025,993,212
Software	36,482,688	—	—	36,482,688
Library Collections	471,148,457	26,571,411	(1,396,318)	496,323,550
Works of Art and Collections	1,022,206	1,000	—	1,023,206
Total Capital Assets Being Depreciated	$ 4,912,153,800	$ 397,454,307	$ (48,725,282)	$ 5,260,882,825
Less Accumulated Depreciation For:				
Infrastructure	$ (42,753,896)	$ (3,167,728)	$ —	$ (45,921,624)
Buildings	(1,018,780,009)	(84,267,963)	858,322	(1,102,189,650)
Improvements Other Than Buildings	(65,260,838)	(6,061,632)	342,054	(70,980,416)
Machinery and Equipment	(570,110,047)	(95,445,588)	34,003,963	(631,551,672)
Software	(10,320,144)	(7,296,538)	—	(17,616,682)
Library Collections	(331,950,980)	(24,397,373)	1,356,593	(354,991,760)
Works of Art and Collections	(306,047)	(24,193)	—	(330,240)
Total Accumulated Depreciation	$ (2,039,481,961)	$ (220,661,015)	$ 36,560,932	$ (2,223,582,044)
Total Capital Assets Being Depreciated, Net	$ 2,872,671,839	$ 176,793,292	$ (12,164,350)	$ 3,037,300,781
Business-type activity capital assets, net	$ 3,024,179,975	$ 214,763,215	$ (12,164,350)	$ 3,226,778,840

As noted in the Summary of Significant Accounting Policies (Note 1), the State does not maintain complete and accurate inventory records applicable to State-owned land, nor are there historical cost values for certain parcels of land; therefore, the table above does not represent a comprehensive valuation of the assets owned by the State of Georgia.

Note 5. Capital Assets (continued)

Primary Government

Current period depreciation expense was charged to functions of the primary government as follows:

General government	$ 7,641,907
Education	1,917,807
Health and Welfare	16,365,997
Transportation	1,087,620,714
Public Safety	36,428,802
Economic Development	9,643,750
Culture and Recreation	143,251
Conservation	54,451
Capital Outlay	2,036,048
	$ 1,161,852,727

Component Units

Capital asset activity for the year ended June 30, 2002, was as follows:

	Balance (Restated) July 1, 2001	Increases	Decreases	Balance June 30, 2002
Capital Assets Not Being Depreciated:				
Land	$ 150,221,245	$ 28,383,402	$ —	$ 178,604,647
Works of Art and Collections	201,048	—	—	201,048
Construction in Progress	55,815,637	41,707,014	(60,499,189)	37,023,462
Total capital assets, not being depreciated	$ 206,237,930	$ 70,090,416	$ (60,499,189)	$ 215,829,157
Capital Assets Being Depreciated:				
Infrastructure	$ 129,687,064	$ 19,501,000	$ —	$ 149,188,064
Buildings	532,736,485	5,562,857	(5,601,986)	532,697,356
Improvements Other Than Buildings	174,046,166	17,539,056	(84,000)	191,501,222
Machinery and Equipment	281,569,531	10,894,051	(15,298,317)	277,165,265
Software	—	188,000	—	188,000
Total Capital Assets Being Depreciated	$ 1,118,039,246	$ 53,684,964	$ (20,984,303)	$ 1,150,739,907
Less Accumulated Depreciation For:				
Infrastructure	$ (55,386,526)	$ (3,418,335)	$ —	$ (58,804,861)
Buildings	(141,028,745)	(12,541,425)	2,740,733	(150,829,437)
Improvements Other Than Buildings	(63,993,353)	(5,926,315)	30,000	(69,889,668)
Machinery and Equipment	(197,968,313)	(22,020,482)	12,467,078	(207,521,717)
Software	—	—	—	—
Total Accumulated Depreciation	$ (458,376,937)	$ (43,906,557)	$ 15,237,811	$ (487,045,683)
Total Capital Assets Being Depreciated, Net	$ 659,662,309	$ 9,778,407	$ (5,746,492)	$ 663,694,224
Component Units capital assets, net	$ 865,900,239	$ 79,868,823	$ (66,245,681)	$ 879,523,381

Note 6. Risk Management

A. Public Entity Risk Pool

The Department of Community Health internally administers for the State of Georgia a program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia. This plan is funded by participants covered in the plan, by employers' contributions paid by the various units of government participating in the plan, and appropriations by the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia to process claims in accordance with the State Employees' Health Benefit Plan as established by the Department of Community Health.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2002, and 2002, is shown below:

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
Unpaid Claims and Claim Adjustments July 1	$ 169,759,350	$ 193,156,776
Incurred Claims and Claims Adjustment Expenses - Provisions for Insured Events of the Current Year	1,044,185,180	902,398,771
Payments - Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year and of Prior Years	(1,051,471,561)	(925,796,197)
Unpaid Claims and Claim Adjustments June 30	$ 162,472,969	$ 169,759,350

B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia maintains a program of health and dental benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield to process all claims in accordance with medical coverage guidelines as established by the Board of Regents.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2002, and 2001, is shown below:

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
Unpaid Claims and Claim Adjustments July 1	$ 35,179,138	$ 28,400,000
Incurred Claims and Claims Adjustment Expenses - Provisions for Insured Events of the Current Year	170,457,218	183,300,197
Payments - Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year and of Prior Years	(176,358,398)	(176,521,059)
Unpaid Claims and Claim Adjustments June 30	$ 29,277,958	$ 35,179,138

C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government

Note 6. Risk Management (continued)

assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to the State agencies by DOAS to provide claims servicing and claims payment.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2002, and 2001, is shown below:

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
Unpaid Claims and Claim Adjustments July 1	$ 351,780,322	$ 436,113,210
Incurred Claims and Claims Adjustment Expenses - Provisions for Insured Events of the Current Year	97,179,943	40,708,467
Payments - Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year and of Prior Years	(95,926,010)	(125,041,355)
Unpaid Claims and Claim Adjustments June 30	$ 353,034,255	$ 351,780,322

Note 7. Construction and Other Significant Commitments

Primary Government

The Georgia State Financing and Investment Commission has entered into agreements with various State departments and agencies for the expenditure of bond sale proceeds and cash supplements (provided by the department or agency involved) to acquire and construct capital projects. At June 30, 2002, the undisbursed balance remaining on these agreements approximates $1,677,931,895.

At June 30, 2002, the Department of Transportation had contractual commitments of $2,073,594,611 for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds and general obligation bond proceeds.

Note 8. Operating Leases

A. Lessee

The State leases land, office facilities, office and computer equipment, and other assets. These leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis. Certain organizations within the State's reporting entity do not maintain adequate systems for recording lease commitments in accordance with GAAP.

Total lease payments for the State's governmental activities, business-type activities, and component units were $68,090,707, $24,926,584, and $5,703,623, respectively for the year ended June 30, 2002. Future minimum commitments for operating leases as of June 30, 2002, are listed below. Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

Note 8. Operating Leases (continued)

Fiscal Year Ended June 30	Governmental Activities	Business-Type Activities	Component Units
2003	$ 77,814,458	$ 20,860,825	$ 5,305,983
2004	21,753,695	4,673,681	4,653,157
2005	21,317,834	2,349,682	4,501,415
2006	19,646,392	558,623	4,311,620
2007	18,024,326	67,562	3,361,590
2008-2012	48,413,882	13,132	17,869,448
2013-2017	16,360,773	13,132	5,497,689
2018-2022	15,050,265	13,132	—
2023-2027	16,414,158	13,132	—
2028-2032	17,898,708	13,132	—
2033-2037	41,940	—	—
2038-2042	41,940	—	—
2043-2047	41,940	—	—
2048-2052	41,940	—	—
2053-2057	41,940	—	—
2058-2062	41,940	—	—
Total Minimum Commitments	$ 272,946,131	$ 28,576,033	$ 45,500,902

Note 8. Operating Leases (continued)

B. Lessor

The State leases certain of its facilities for use by others for terms varying from 1 to 65 years, with the majority of leases controlled by the State Properties Commission. These leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of facilities for the State's governmental activities and component units were $40,583,728, and $20,868,793, respectively for the year ended June 30, 2002. Minimum future revenues and rentals to be received under operating leases as of June 30, 2002, are as follows:

Fiscal Year Ended June 30	Governmental Activities	Component Units
2003	$ 13,058,980	$ 8,289,420
2004	13,034,614	6,557,420
2005	13,186,402	6,211,420
2006	13,440,534	4,615,420
2007	13,048,184	8,840,100
2008-2012	60,686,668	12,771,487
2013-2017	39,531,834	12,952,713
2018-2022	32,652,443	11,503,100
2023-2027	3,040,429	1,600
2028-2032	3,040,429	1,600
2033-2037	3,040,429	1,600
2038-2042	3,040,428	1,600
2043-2047	2,664,193	—
2048-2052	23,900	—
Total Minimum Commitments	$ 213,489,467	$ 71,747,480

Note 9. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes.

As noted in the Summary of Significant Accounting Policies (Note 1), capital lease transactions have not been consistently recorded in conformity with GAAP. Capital assets in prior years have not been recorded at the net present value of the minimum payments nor has the long-term liability applicable to capital leases been consistently recorded. Also, the State does not record expenditures and other financing sources in the governmental fund types when capitalized leases are entered into as required by GAAP. At June 30, 2002, future commitments under capital leases were as follows:

Fiscal Year Ended June 30	Governmental Activities	Business-Type Activities	Component Units
2003	$ 2,593,201	$ 12,883,415	$ 2,198,022
2004	2,369,709	10,725,964	1,735,105
2005	1,228,635	9,925,828	719,833
2006	358,087	9,538,716	26,390
2007	86,197	7,148,254	4,985
2008-2012	3,811	36,361,531	—
2013-2017	—	36,854,438	—
2018-2022	—	31,805,447	—
2023-2027	—	5,572,560	—
2028-2032	—	3,416,666	—
Total Capital Lease Payments	$ 6,639,640	$ 164,232,819	$ 4,684,335
Less: Interest	(728,193)	(70,970,197)	(308,025)
Present Value of Capital Lease Payments	$ 5,911,447	$ 93,262,622	$ 4,376,310

Note 10. Long-Term Liabilities

Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2002 is shown in the table below:

	Balance July 1, 2001 (Restated)	Increases	Decreases	Balance June 30, 2002	Amounts Due Within One Year
Governmental activities:					
Compensated Absences Payable	$ 237,067,594	$ 132,783,269	$ (125,520,959)	$ 244,329,904	$ 36,903,185
Capital Lease Obligations	9,088,745	2,354,002	(5,531,300)	5,911,447	2,061,320
Contracts Payable	—	54,670,212	—	54,670,212	13,936,324
Notes and Loans Payable	2,690,001	—	(58,159)	2,631,842	61,402
General State Bond Debt	15,505	—	—	15,505	15,505
General Obligation Bonds Payable	5,311,335,000	1,196,160,000	(449,200,000)	6,058,295,000	396,820,000
Other	36,272,018	7,959,473	(5,833,094)	38,398,397	5,350,500
	$ 5,596,468,863	$ 1,393,926,956	$ (586,143,512)	$ 6,404,252,307	$ 455,148,236
Business-type activities:					
Compensated Absences Payable	$ 129,786,063	$ 96,765,400	$ (83,024,926)	$ 143,526,537	$ 73,196,782
Capital Lease Obligations	37,322,839	68,341,974	(12,402,191)	93,262,622	7,996,976
Notes and Loans Payable	266,918	2,155,441	(76,751)	2,345,608	181,425
Other	—	150,000	—	150,000	—
	$ 167,375,820	$ 167,412,815	$ (95,503,868)	$ 239,284,767	$ 81,375,183

The governmental funds in which the leases are recorded will liquidate the capital lease obligations for governmental activities. The compensated absence liabilities will be liquidated by the applicable funds that account for the salaries and wages of the related employees.

All General State Bonds of the State of Georgia are past due, but have not been presented for redemption. This obligation will be liquidated if and when the past due outstanding bonds and coupons are presented. Unredeemed General State Bonds at June 30, 2002, were $15,505 with accumulated interest of $11,475.

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general State and proprietary activities, to provide loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government	1.25% - 7.70%	$ 5,582,665,000
General Government - Refunding	4.25% - 6.30%	475,630,000
		$ 6,058,295,000

Note 10. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Principal	Interest	Total
2003	$ 396,820,000	$ 334,982,464	$ 731,802,464
2004	433,815,000	312,053,355	745,868,355
2005	448,325,000	286,729,431	735,054,431
2006	467,680,000	260,365,680	728,045,680
2007	468,035,000	233,657,603	701,692,603
2008-2012	2,017,710,000	788,152,421	2,805,862,421
2013-2017	1,288,060,000	292,106,682	1,580,166,682
2018-2022	537,850,000	55,118,805	592,968,805
	$ 6,058,295,000	$ 2,563,166,441	$ 8,621,461,441

Component Units

Changes in long-term liabilities for the year ended June 30, 2002, was as follows:

	Balance July 1, 2001 (Restated)	Increases	Decreases	Balance June 30, 2002	Amounts Due Within One Year
Compensated Absences Payable	$ 4,654,557	$ 2,425,900	$ (2,129,433)	$ 4,951,024	$ 947,030
Capital Lease Obligations	6,037,898	207,846	(1,869,434)	4,376,310	2,024,072
Notes and Loans Payable	48,879,894	107,606,830	(61,704,703)	94,782,021	55,785,538
Prizes Payable	205,674,000	—	(4,458,000)	201,216,000	15,046,000
Revenue/Mortgage Bonds Payable	1,157,381,451	503,487,183	(133,367,080)	1,527,501,554	26,788,536
Other	30,358,748	9,593,325	(7,927,070)	32,025,003	3,750,259
	$ 1,452,986,548	$ 623,321,084	$ (211,455,720)	$ 1,864,851,912	$ 104,341,435

The State Road and Tollway Authority issued bond anticipation notes during fiscal year 2002. Subsequent to June 30, 2002, the State Road and Tollway Authority liquidated a portion of the temporary notes with proceeds from the issuance of transportation revenue bonds, and as a result, reported a long-term note in the amount of $41,446,212.

The Georgia Development Authority reported two long-term notes payable to banks with a combined outstanding balance at June 30, 2002 of $40,938,648. One note issecured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of $384,615 that includes interest at LIBOR plus one percent, and has an outstanding balance at June 30, 2002, of $8,076,923. The other note is secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.8% per annum, and has an outstanding balance at June 30, 2002, of $32,861,725.

Revenue/mortgage bonds outstanding at June 30, 2002, consisted of: mortgage bonds issued by the Georgia Housing and Finance Authority for financing the purchase of single family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia; and revenue bonds issued by the State Road and Tollway Authority for the financing of certain construction projects within the State's highway system. The significant revenue and mortgage bonds outstanding at June 30, 2002 consists of the following:

	Georgia Housing and Finance Authority	State Road and Tollway Authority
Interest Rates	2.00% - 9.25%	5.50% - 6.00%
Bonds Outstanding	$ 821,870,175	$ 421,420,000
Unamortized Premium	55,191	10,525,569
Deferred Amount for Refunding	—	(3,491,584)
Net	$ 821,925,366	$ 428,453,985

Note 10. Long-Term Liabilities (continued)

Annual debt service requirements to maturity:

	Georgia Housing and Finance Authority			State Road and Tollway Authority		
Year	Principal	Interest	Total	Principal	Interest	Total
2003	$ 34,633,000	$ 44,203,000	$ 78,836,000	$ 14,400,000	$ 23,560,544	$ 37,960,544
2004	19,615,000	43,244,000	62,859,000	18,295,000	20,257,147	38,552,147
2005	21,589,000	42,269,000	63,858,000	19,025,000	19,520,553	38,545,553
2006	23,258,000	41,216,000	64,474,000	19,820,000	18,698,514	38,518,514
2007	27,437,000	40,007,000	67,444,000	20,760,000	17,766,962	38,526,962
2008-2012	141,592,000	179,086,000	320,678,000	120,215,000	72,213,089	192,428,089
2013-2017	161,016,000	140,676,000	301,692,000	104,110,000	43,879,354	147,989,354
2018-2022	158,329,000	98,150,000	256,479,000	104,795,000	13,588,569	118,383,569
2023-2027	143,569,000	55,175,000	198,744,000	—	—	—
2028-2032	106,988,000	15,610,000	122,598,000	—	—	—
2033-2036	3,200,175	89,000	3,289,175	—	—	—
Future Accretion - Capital Appreciation Bonds	(19,356,000)	19,356,000	—	—	—	—
	$ 821,870,175	$ 719,081,000	$ 1,540,951,175	$ 421,420,000	$ 229,484,732	$ 650,904,732

Various series of bonds under Resolution 1 and 3 at Georgia Housing and Finance Authority include capital appreciation bonds that require no payments of principal or interest until maturity. Capital appreciation bonds accrete to their maturity values at effective yields ranging from 7.10% to 11.25%.

Note 11. Interfund Balances

Due To/From Other Funds at June 30, 2002, consist of the following:

Receivable Fund	Payable Fund	Due From	Due To
General Fund	State Employees' Health Benefit Plan	$ 34,000,000	$ 34,000,000
Georgia Technology Authority	General Fund	15,704,881	15,704,881
Georgia Technology Authority	Higher Education Fund	653,530	653,530
Georgia Technology Authority	Internal Service Fund	93,582	93,582
Georgia Technology Authority	Fiduciary Funds	10	10
Internal Service Funds	General Fund	1,292,060	1,292,060
Internal Service Funds	Higher Education Fund	65,362	65,362
Internal Service Funds	Fiduciary Funds	1,123,000	1,123,000
		$ 52,932,425	$ 52,932,425

Interfund receivables and payables are recorded for billing for services provided between agencies and risk management liabilities. All interfund receivables and payables are considered short term in nature.

Note 11. Interfund Balances (continued)

Interfund transfers at June 30, 2002, consist of the following:

Receiving Fund	Paying Fund	To	From
General Fund	Georgia State Financing and Investment Commission	$ 597,363,212	$ 597,363,212
General Fund	Georgia Technology Authority	11,765,100	11,765,100
General Fund	Higher Education Fund	2,826,954	2,826,954
General Fund	State Employees' Health Benefit Plan	31,358,156	31,358,156
General Fund	Internal Service Funds	10,888,833	10,888,833
Georgia State Financing and Investment Commission	General Fund	5,398,422	5,398,422
Nonmajor Governmental Funds	General Fund	739,869,163	739,869,163
Nonmajor Governmental Funds	Georgia State Financing and Investment Commission	113,157,527	113,157,527
Nonmajor Governmental Funds	Higher Education Fund	538,024	538,024
Georgia Technology Authority	Internal Service Funds	35,412,874	35,412,874
Higher Education Fund	General Fund	2,062,598,986	2,062,598,986
Higher Education Fund	Georgia Technology Authority	3,583,000	3,583,000
Internal Service Funds	General Fund	49,310,500	49,310,500
Fiduciary Funds	General Fund	2,693,635	2,693,635
		$ 3,666,764,386	$ 3,666,764,386

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 12. Nonmonetary Transactions

Primary Government

The State of Georgia received donated goods for its use and for distribution to other qualifying organizations outside the State reporting entity under the following programs:

Program	Value of Inventory Received	Value of Inventory Reported at June 30, 2002
Agriculture, U.S. Department of		
Food Distribution Program	$ 34,013,482	$ 2,108,175
Temporary Emergency Food Assistance Program	$ 7,839,456	$ 2,218,855
Health and Human Services, U.S. Department of		
Childhood Immunization Grant	$ 17,770,925	$ —
Preventive Health Services - Sexually Transmitted Disease Control Grants	$ 268,923	$ —
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	$ 131,835	$ —

The value of donated commodities received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances. Information is not available to determine the items used within the State and the items distributed to (or held for) other qualifying organizations outside the State reporting entity.

In addition, the Georgia Department of Administrative Services operates the Donation of Federal Surplus Personal Property program for the purpose of distributing surplus properties made available by the General Services Administration to eligible institutions, organizations and agencies. The value of surplus property received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances, and the inventory on hand at June 30, 2001, is not reported on the combined balance sheet. The changes in Federal surplus personal property inventory during the fiscal year ended June 30, 2002, were as follows:

Balance July 1, 2001	$	2,812,197
Additions		
Property Received		12,553,749
	$	15,365,946
Deductions		
Property Donated and Other Distributions		11,061,383
Balance June 30, 2002	$	4,304,563

Note 12. Nonmonetary Transactions (continued)

The Federal government provides food stamps to low-income households. The amount of food stamps a household receives depends on the household's size and financial circumstances. The Georgia Department of Human Resources is responsible for determining eligibility for participation in the food stamp program within the State. During the year under review, the total value of food stamps distributed as approved by the Department was $593,187,975.

Note 13. Contingencies

A. Grants and Contracts

Amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the Federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, will be immaterial to its overall financial position.

B. Litigation

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

Primary Government

A civil suit was filed against the Department of Education and the Office of Treasury and Fiscal Services to compel the Defendants to change the calculation and distribution of school transportation funding to the DeKalb County School District. The Plaintiffs allege that the State Board of Education's attendance zone/routing survey system of calculating State financial aid is contrary to the applicable statute and violates a State Board of Education policy directing supplemental flat grants for children attending schools other than that of their geographic assignment pursuant to M-to-M or magnet school programs. Plantiffs were seeking an entitlement of $63,000,000. Previous similar federal litigation was resolved in favor of the State. On September 17, 2002, the Superior Court of Fulton County entered an order concluding that the state board zonal routing system of calculating state financial aid is violative of the applicable statute and has ordered payment of $104,550,528 to DeKalb County. The State appealed the trial court's decision to the Georgia Supreme Court. On June 9, 2002, the Georgia Supreme Court ruled in favor of the defendants, but the time for filing motion for re-hearing has not expired.

A suit has been filed against the Georgia State Financing and Investment Commission involving a third-party action by the construction manager for the Georgia World Congress Center phase IV expansion project for indemnity from the caissons and pilings subcontractor's claim based upon differing site conditions. The presently-asserted claim is for approximately $2,500,000, but similar yet-unasserted claims may bring the total for claims and proposed change orders to approximately $19,000,000. The parties are currently in negotiation, and the Georgia State Financing and Investment Commission expects to settle all claims.

A company engaged in general construction and construction management services has filed a claim arising out of the design and construction of the Columbus Performing Arts Center. The plaintiff is suing the Georgia State Financing and Investment Commission, the Project architect, and the Project structural engineer, asserting various claims for negligence and breach of contract. The plaintiff asks for relief of $8,925,521, plus costs and attorneys' fees. The Georgia State Financing and Investment Commission is reviewing the complaint.

C. Guaranteed Loans

Component Units

The Federal Government, through the Guaranteed Student Loan Programs of the U.S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, until the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) twenty percent (20%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and (2) twenty-two percent (22%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993.

Note 14. Subsequent Events

Primary Government

General Obligation Bonds Issued

The State issued General Obligation Bonds in the amount of $295,955,000 on August 1, 2002 (Series 2002C and 2002 D); and in the amount of $240,670,000 on November 1, 2002 (Series 2002E and 2002F).

Proceeds from these bonds will be used for the purpose of financing various capital outlay projects.

Note 15. Retirement Systems

Georgia Defined Contribution Plan

Plan Description
The Georgia Defined Contribution Plan ("GDCP") is a single-employer, defined contribution plan established by the Georgia General Assembly in July 1992 for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system. GDCP is administered by the Employees' Retirement System (ERS) Board of Trustees. ERS issues a publicly available financial report that includes the financial statements and disclosures applicable to GDCP. The report may be obtained at the ERS offices.

Membership
As of June 30, 2002, participation in GDCP was as follows:

Active plan members	32,540
Terminated employees entitled to benefits but not yet receiving benefits	70,225
Total	102,765
Employers	310

Summary of Significant Accounting Policies
The financial statements of GDCP are prepared on the accrual basis of accounting. Contributions from the members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

District Attorneys' Retirement Fund

Plan Description
The District Attorneys' Retirement Fund ("DARF") is a single-employer, defined benefit pension plan established by the Georgia General Assembly in 1949 for the purpose of providing retirement benefits to the district attorneys of the State of Georgia. DARF is directed by its own Board of Trustees. The Boards of Trustees for ERS and DARF entered into a contract for ERS to administer the plan effective July 1, 1995. ERS issues a publicly available financial report that includes the financial statements and disclosures applicable to DARF. The report may be obtained at the ERS offices.

Benefits
Persons appointed as district attorney emeritus shall receive an annual benefit of $15,000 or one-half of the State salary received by such person as a district attorney for the calendar year immediately prior to the person's retirement, whichever is greater.

Summary of Significant Accounting Policies
The financial statements of DARF are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Funding Policy
Member contributions were five percent (5.0%) of their annual salary plus an additional two and one-half percent (2.5%) for the spousal coverage benefit if elected. The State paid member contributions of five percent (5.0%) of the member's annual salary. Additional employer contributions are not actuarially determined but are provided on an as-needed basis to fund current benefits.

Employees' Retirement System of Georgia

Plan Description
Employees' Retirement System of Georgia ("ERS") is a single-employer, defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

Note 15. Retirement Systems (continued)

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan ("SRBP") of ERS. SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

Benefits
The benefit structure of ERS was significantly modified on July 1, 1982. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old and new plans, a member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty-five (65). Additionally, there are certain provisions allowing for retirement after twenty-five (25) years of creditable service regardless of age.

Retirement benefits paid to members are based upon the monthly average of the member's highest twenty-four (24) consecutive calendar months multiplied by the number of years of creditable service multiplied by the applicable benefit factor. Post-retirement cost-of-living adjustments are also made to members' benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension at reduced rates to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Summary of Significant Accounting Policies
The financial statements of ERS are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Funding Policy
Member contributions under the old plan are four percent (4.0%) of annual compensation up to $4,200 plus six percent (6.0%) of annual compensation in excess of $4,200. Under the old plan, the State pays member contributions in excess of one and one-fourth percent (1.25%) of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan are one and one-fourth percent (1.25%) of annual compensation. The State is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation.

Annual Pension Cost
The required contribution for 2002 was determined as part of the June 30, 2001, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) seven percent (7%) investment rate of return, (b) projected salary increases due to inflation of three and one-half percent (3.5%) per year, and (c) projected salary increases due to seniority/merit raises of five and two-tenths percent (5.2%) to nine percent (9.0%) per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. ERS' actuarial funding excess is being amortized as a level percentage of projected payroll on an open basis. The employer contributions are projected to liquidate the actuarial accrued funding excess within forty (40) years based upon the actuarial valuation at June 30, 2001.

Three-Year Trend Information for ERS (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	304,461	100%	0
2000	302,332	100%	0
2001	315,505	100%	0

Note 15. Retirement Systems (continued)

Georgia Judicial Retirement System

Plan Description
The Georgia Judicial Retirement System ("GJRS") is a system created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System and the District Attorneys' Retirement System (collectively the "Predecessor Retirement Systems"). As of June 30, 1998, any person who was an active, inactive or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998.

GJRS is a multiple-employer cost-sharing defined benefit pension plan established by the Georgia General Assembly for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and other beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia. GJRS is administered by the ERS Board of Trustees and three (3) other trustees not on the ERS Board. ERS issues a publicly available financial report that includes the financial statements and required supplementary information applicable to GJRS. The report may be obtained at the ERS offices.

Benefits
The normal retirement for GJRS is age sixty (60) with sixteen (16) years of creditable service; however, a member may retire at age sixty (60) with a minimum of ten (10) years of creditable service.

Retirement benefits paid to members are computed as sixty-six and two-thirds percent (66 2/3%) of annual salary plus one percent (1%) for each year of credited service over sixteen (16) years, not to exceed twenty-four (24) years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed sixteen (16) years. Death, disability, and spousal benefits are also available.

Summary of Significant Accounting Policies
The financial statements of GJRS are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Funding Policy
Members are required to contribute seven and one-half percent (7.5%) of their annual salary plus an additional two and one-half percent (2.5%) if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees. The State's contributions to GJRS for the years ending June 30, 2002, and 2001 were (in thousands) $1,576 and $1,113, respectively, and were equal to the required contributions for each year.

Legislative Retirement System

Plan Description

Organization and Purpose
Legislative Retirement System ("LRS") is a single-employer, defined benefit plan established by the Georgia General Assembly in 1979 for the purpose of providing retirement allowances for all members of the Georgia General Assembly. LRS is administered by the ERS Board of Trustees. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

Benefits
A member's normal retirement is after eight (8) years of creditable service and attainment of age sixty-five (65), or eight (8) years of membership service (4 legislative terms) and attainment of age sixty-two (62). A member may retire early and elect to receive a monthly retirement benefit after completion of eight (8) years of membership service and attainment of age sixty (60); however, the retirement benefit is reduced by five percent (5.0%) for each year the member is under age sixty-two (62).

Upon retirement, the member will receive a monthly service retirement allowance of $32 multiplied by the number of years of creditable service reduced by age reduction factors, if applicable. Death, disability, and spousal benefits are also available through the plan.

Note 15. Retirement Systems (continued)

Summary of Significant Accounting Policies
The financial statements of LRS are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Funding Policy
Member contributions are eight and one-half percent (8.5%) of annual salary. The State pays member contributions in excess of four and three-fourths percent (4.75%) of annual compensation. Employer contributions are actuarially determined and approved and certified by the Board.

Annual Pension Cost
The required contribution for 2002 was determined as part of the June 30, 2001, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) seven percent (7%) investment rate of return, and (b) three percent (3%) annual post-retirement cost-of-living adjustment. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. LRS' actuarial funding excess is being amortized using the level dollar method on an open basis.

Three-Year Trend Information for LRS (in thousands)

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	84	108%	0
2000	22	436%	0
2001	-	N/A	0

Superior Court Judges Retirement Fund

Plan Description
The Superior Court Judges Retirement Fund ("SCJRF") is a single-employer, defined benefit pension plan established by the Georgia General Assembly in 1945 for the purpose of providing retirement benefits to the superior court judges of the State of Georgia. SCJRF is directed by its own Board of Trustees. The Boards of Trustees for ERS and SCJRF entered into a contract for ERS to administer the Plan effective July 1, 1995. ERS issues a publicly available financial report that includes the financial statements and disclosures applicable to SCJRF. The report may be obtained at the ERS offices.

Benefits
The normal retirement for SCJRF is age sixty-eight (68) with nineteen (19) years of creditable service with a benefit of two-thirds the salary paid to superior court judges. A member may also retire at age sixty-five (65) with a minimum of ten (10) years of creditable service with a benefit of one-half the salary paid to superior court judges. Death, disability, and spousal benefits are also available.

Summary of Significant Accounting Policies
The financial statements of SCJRF are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Funding Policy
Member contributions are five percent (5.0%) of their salary plus an additional two and one-half percent (2.5%) for the spousal coverage benefit if elected. The State pays member contributions of five percent (5.0%) of the member's annual salary. Additional employer contributions are not actuarially determined but are provided on an as-needed basis to fund current benefits.

Note 15. Retirement Systems (continued)

Regents Retirement Plan

Plan Description
The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established and administered by the Board of Regents of the University System of Georgia (Higher Education Fund), under which it may purchase annuity contracts for the purpose of providing retirement and death benefits for eligible faculty and principal administrators.

Benefits
Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy
Member contributions are five percent (5.0%) of the earnable compensation, as established by the Board of Trustees of the Teachers' Retirement System. Employer contributions are 9.62% of the participating employee's earnable compensation. Employer contributions are established by statute and may be amended only by the General Assembly of the State of Georgia. Amounts attributable to all plan contributions are fully vested and non-forfeitable. In 2002, employer and employee contributions were (in thousands) $47,063 and $24,357, respectively.

Teachers' Retirement System of Georgia

Plan Description
The Teachers' Retirement System of Georgia ("TRS") is a cost-sharing multiple-employer plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. TRS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the TRS offices.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers ("SRBP"). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of TRS. The purpose of the SRBP is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

Benefits
A member is eligible for normal service retirement after thirty (30) years of creditable service, regardless of age, or after ten (10) years of service and attainment of age sixty (60). A member is eligible for early retirement after twenty-five (25) years of creditable service.

Normal retirement (pension) benefits paid to members are equal to two percent (2.0%) of the average of the member's two (2) highest paid consecutive years of service multiplied by the number of years of creditable service up to forty (40) years. Early retirement benefits are reduced by the lesser of one-twelfth (1/12) of seven percent (7.0%) for each month the member is below age sixty (60), or by seven percent (7.0%) for each year or fraction thereof by which the member has less than thirty (30) years of service. It is also assumed that certain cost-of-living adjustments, based on the CPI, will be made in future years. Retirement benefits are payable monthly for life. Death, disability and spousal benefits are also available.

Summary of Significant Accounting Policies
The financial statements of TRS are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Funding Policy
TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Member contributions are five percent (5%) of annual salary, and employer contributions are 9.24%, as required by the annual actuarial valuation. The State's contributions to TRS for the years ending June 30, 2002 and 2001 were (in thousands) $119,391 and $145,705, respectively, and were equal to the required contributions for each year.

Note 16. Postemployment Benefits

In addition to the pension benefits described in Note 16, the State of Georgia provides postretirement health care benefits through the State Health Benefit Plan to retirees pursuant to Title 45, Chapter 18 of the OCGA. An individual eligible for these benefits must have been a full time employee at the time of retirement of either the State of Georgia or a county social service agency and must be receiving monthly retirement benefits from either the Employees' Retirement System of Georgia or a county employees' retirement system. The State Health Benefit Plan is a public entity risk pool funded by employee and employer contributions. Employees and retirees subject to the Plan contribute amounts determined by the State Personnel Board for various health insurance plans. The various agencies of the State contribute to the health insurance fund based upon amounts recommended by the State Personnel Board and set forth in the Appropriations Act. The State Health Benefit Plan is funded on a "pay-as-you-go" basis. Expenses of the Plan include provisions for incurred but not reported claims.

As of June 30, 2002, there were 63,263 employees who had retired and were receiving postretirement health care benefits through the State Health Benefit Plan. For the fiscal year ended June 30, 2002, the State recognized expenditures of $197,736,814, which was net of retiree contributions of $104,054,697.

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university funds) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. Employees who are eligible for retirement or disability under the criteria established by the Teachers Retirement System and who have at least ten years of service with the University System are eligible for these postemployment health and life insurance benefits. The University System pays the employer portion for group insurance for affected individuals. For the fiscal year ended June 30, 2002, the University System recognized expenditures of $32,535,828, which was net of participant contributions of $12,164,027.

Note 17. Deficit Fund Balance/Net Assets

The following organizations had deficit balances at June 30, 2002.

Primary Government

Internal Service Funds

Workers' Compensation Fund - At June 30, 2002, the Fund had an unrestricted net assets deficit of $29,403,450.

Component Units

Superior Court Clerks' Cooperative Authority - At June 30, 2002, the Authority had an unrestricted net assets deficit of $281,736.

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Required Supplementary Information

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Required Supplementary Information
For the Fiscal Year Ended June 30, 2002

Employees' Retirement System of Georgia

Schedule of Funding Progress

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
6/30/99	$ 9,848,723	$ 9,695,614	$ (153,109)	101.6%	$ 2,152,072	(7.1%)
6/30/00	10,999,901	10,573,408	(426,493)	104.0%	2,304,289	(18.5%)
6/30/01	11,750,624	11,557,255	(193,369)	101.7%	2,397,169	(8.1%)

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2002

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
Funds Available (inflows)				
Revenues:				
State Appropriation				
Regular	$ 14,755,609,988	$ 15,000,602,752	$ 14,995,434,403	$ (5,168,349)
Lottery Proceeds	550,000,000	703,080,431	703,080,431	0
Tobacco Settlement Funds	149,000,025	172,645,061	172,645,061	0
Federal Revenues	5,889,708,413	8,872,997,131	7,826,114,439	(1,046,882,692)
Other Revenues Retained	4,653,713,307	7,487,205,264	6,474,680,931	(1,012,524,332)
Total Revenues	$ 25,998,031,733	$ 32,236,530,638	$ 30,171,955,265	$ (2,064,575,373)
Carry-Over from Prior Year:				
Transfer from Fund Balance	----	2,376,323,708	1,241,820,781	(1,134,502,927)
Total Funds Available	$ 25,998,031,733	$ 34,612,854,347	$ 31,413,776,046	$ (3,199,078,300)
Expenditures (outflows)				
Administrative Services, Department of	$ 288,935,872	$ 76,188,000	$ 71,590,814	$ 4,597,186
Agricultural Exposition Authority	6,881,794	7,019,301	6,948,788	70,513
Agriculture, Department of	55,494,347	64,360,272	64,192,038	168,234
Agrirama Development Authority	1,856,837	1,964,720	1,534,549	430,171
Audits and Accounts, Department of	30,832,595	29,616,070	28,835,258	780,812
Banking and Finance, Department of	11,547,248	11,045,266	10,870,940	174,326
Building Authority	43,849,826	55,431,681	47,864,260	7,567,421
Community Affairs, Department of	163,926,550	236,088,809	221,976,972	14,111,837
Community Health, Department of	5,948,622,226	8,943,915,847	8,106,971,126	836,944,721
Corrections, Department of	967,018,287	1,051,309,554	968,064,108	83,245,446
Defense, Department of	33,498,322	38,025,766	36,652,251	1,373,515
Education, Department of	6,736,374,937	7,128,619,386	7,019,165,018	109,454,368
Employees' Retirement System - Administrative Expense Fund	6,749,343	10,445,256	9,479,408	965,848
Financing and Investment Commission, Georgia State	0	0	28,617,127	(28,617,127)
Forestry Commission	44,622,176	47,462,091	47,283,758	178,333
General Assembly	35,789,123	38,031,989	30,544,260	7,487,729
General Obligation Debt Sinking Fund	575,708,563	739,869,163	739,869,163	0
Governor, Office of the	52,601,167	94,308,796	70,639,128	23,669,668
Guaranteed Revenue Debt Common Reserve Fund	0	0	0	0
Human Resources, Department of	2,732,681,007	3,113,006,409	2,941,176,392	171,830,017
Industry, Trade and Tourism, Department of	64,103,337	63,175,936	62,523,541	652,395
Insurance, Department of	18,161,809	17,811,703	16,514,477	1,297,226
Investigation, Georgia Bureau of	98,280,628	151,437,246	142,602,874	8,834,372
Judicial Branch	139,232,474	145,462,121	144,464,795	997,325
Juvenile Justice, Department of	298,305,079	331,244,637	306,659,018	24,585,619
Labor, Department of	354,059,794	436,065,627	379,957,866	56,107,761
Law, Department of	37,454,547	45,632,839	45,320,250	312,589
Motor Vehicle Safety, Department of	0	110,730,679	106,993,439	3,737,240
Natural Resources, Department of	188,511,722	296,725,768	287,495,951	9,229,817
Pardons and Paroles, State Board of	52,691,248	51,543,432	51,448,774	94,658
Personnel Board, State - Merit System of Personnel Administration	13,474,982	17,483,070	15,279,516	2,203,554
Public Safety, Department of	144,550,338	137,358,722	126,819,614	10,539,108
Public School Employees' Retirement System	13,499,104	12,238,226	12,238,226	0
Public Service Commission	13,469,232	8,958,930	8,616,680	342,250
Public Telecommunications Commission	37,218,516	40,429,654	32,953,096	7,476,558
Regents of the University System of Georgia, Board of	3,751,359,414	4,356,033,084	3,658,254,588	697,778,496

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2002

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
Revenue, Department of	$ 366,878,758	$ 386,660,995	$ 362,294,474	$ 24,366,521
School Readiness, Office of	373,481,513	372,848,034	317,516,256	55,331,778
Secretary of State	35,111,406	42,321,423	38,931,417	3,390,006
Soil and Water Conservation Commission	4,097,104	4,466,026	4,456,843	9,183
Student Finance Commission	305,916,757	406,401,783	402,046,757	4,355,026
Teachers' Retirement System - Expense Fund	14,508,437	25,612,722	22,521,539	3,091,183
Technical and Adult Education, Department of	353,004,339	473,694,761	435,526,533	38,168,228
Technology Authority	0	244,645,694	225,221,343	19,424,351
Transportation, Department of	1,537,772,665	4,700,924,493	2,035,308,430	2,665,616,063
Veterans Service, Department of	33,149,393	33,743,677	33,105,942	637,735
Workers' Compensation, State Board of	12,748,917	12,494,689	12,482,772	11,917
Total Expenditures	$ 25,998,031,733	$ 34,612,854,347	$ 29,739,830,367	$ 4,873,023,980
Excess of Funds Available over Expenditures			$ 1,673,945,679	$ 1,673,945,679

Required Supplementary Information
Budgetary Comparison Schedule
Budget-To-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2002

	General Fund
Sources/Inflows of Resources	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	$ 31,413,776,046
Differences - budget to GAAP:	
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in General Fund for financial reporting purposes.	15,105,711,916
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(4,044,917,427)
Budgeted Carry-Over Funds from Prior Year Fund Balances shown as Funds Available in Budget Fund, but removed for financial reporting purposes.	(1,241,820,781)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(193,268,399)
Receivables and revenues accrued based on encumbrances reported for supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary purposes*, but in the year the supplies are received for GAAP reporting	(445,889,138)
Accrual of taxpayer assessed receivables and revenues	(184,651,691)
Proceeds from the sale of land and equipment are budgetary resources but are recorded as other financing sources under GAAP.	(3,965,808)
State appropriation revenues are budgetary resources,but are netted with the State's treasury disbursements for GAAP purposes	(15,871,159,895)
Budget Fund reserves federal financial assistance, but these funds are not earned at year end, and are shown as deferred revenue for GAAP purposes	(46,306,640)
Intrafund revenues are budgetary revenues, but are not revenue for GAAP reporting purposes	(422,806,982)
Fund balance adjustments are a budgetary resource, but are not current year revenues for GAAP reporting purposes.	(79,768,113)
Change in revenue accrual for nonbudgetary medicaid claims	79,354,539
Change in revenue accrual for nonbudgetary food stamp program	593,187,975
Change in revenue accrual for nonbudgetary upper payment limit	63,160,672
Change in pooled investments to show at fair value	(181,858)
Other net accrued receivables and revenues	(118,182)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 24,720,336,234

Required Supplementary Information
Budgetary Comparison Schedule
Budget-To-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2002

	General Fund
Uses/Outflows of Resources	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	$ 29,739,830,367
Differences - budget to GAAP:	
Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown in General Fund for financial reporting purposes.	47,189,573
Expenses of Budgeted Funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(6,060,222,931)
Transfers to other funds are outflows of budgetary resources but are not expenditures for GAAP reporting purposes.	(750,702,672)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary purposes*, but in the year the supplies and equipment are received for GAAP reporting.	(141,965,338)
Intrafund expenditures are budgetary expenditures, but are not expenditures for GAAP reporting purposes	(422,806,982)
Fund balance adjustments are a budgetary resource, but are not current year expenses for GAAP reporting purposes.	(225,713,893)
Change in expenditure accrual for nonbudgetary medicaid claims	140,474,125
Change in expenditure accrual for nonbudgetary food stamp program	593,187,975
Change in expenditure accrual for nonbudgetary teacher salaries	(140,738,724)
Change in expenditure accrual for nonbudgetary upper payment limit	83,721,253
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting	2,354,002
Other net accrued liabilities and expenditures	67,412,316
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 22,932,019,071

Budgetary Process

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget, which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to the Office of Planning and Budget for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by the Office of Planning and Budget.

The Governor, through the Office of Planning and Budget, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report, as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Constitution of the State of Georgia, Article III, Section IX, Paragraph 4, the General Assembly is prohibited from appropriating funds for any given fiscal year which, in the aggregate, exceeds the amount of unappropriated surplus funds expected to have accrued at the beginning of the subsequent fiscal year together with the total estimated amount of receipts from existing revenue sources, less refunds, anticipated to be collected in the subsequent fiscal year. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

Internal transfers within a budget unit and between objects of functional or activity budget units are subject to the condition that no State funds shall be transferred for the purpose of initiating a new program area not currently having a State funds appropriation.

The Governor, through the Office of Planning and Budget, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the activities and functions set forth in the Appropriations Act. Budget units submit quarterly allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to the Office of Planning and Budget.

Budget units (i.e., agencies, commissions) of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the departmental level. Due to the complex nature of the State appropriated budget, a separate budgetary report entitled, "Report of the State Auditor of Georgia," is published each year. This report includes a listing of State organizations (appropriation units) which incurred expenditures in excess of amounts budgeted by object class.

The appropriated budget covers the majority of the governmental funds included within the State of Georgia reporting entity, but excludes the debt service fund and capital projects funds, which are not subject to appropriation. The budget does include certain proprietary funds, the higher education funds, and the administrative costs of operating various public employee retirement systems.

Budgetary Presentation

The accompanying budgetary comparison schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the necessary adjustments to convert the Budget Fund into governmental funds, proprietary funds, and fiduciary funds, as required by generally accepted accounting principles (GAAP).

Combining and Individual Fund Statements

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Nonmajor Governmental Funds

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CAPITAL PROJECTS FUND

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

Georgia Building Authority (Hospital) accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of self-liquidating projects on property owned by the authority. These projects include hospitals, health care facilities, dormitories and housing accommodations for patients, officers and employees of institutions controlled by state agencies.

Georgia Building Authority (Markets) accounts for the construction and renovation of farmers markets and related facilities.

Georgia Building Authority (Penal) accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of buildings, facilities, equipment and services for the State penal system.

Georgia Education Authority (University) accounts for the construction and improvement of buildings and facilities of institutions under the authority of the Board of Regents of the University System of Georgia.

DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

PERMANENT FUND

The Permanent Fund is used to account for report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	Debt Service	Georgia Building Authority (Hospital)
Assets		
Cash and Cash Equivalents	$ 228,453,750	$ 2,104,844
Investments	—	1,686,864
Receivables (Net of Allowances for Uncollectibles)		
Other	—	—
Total Assets	$ 228,453,750	$ 3,791,708
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable and Other Accruals	$ —	$ —
Fund Balances:		
Reserved for Debt Service	$ 228,453,750	$ —
Reserved for Other Specific Purposes	—	—
Unreserved, Undesignated	—	3,791,708
Total Fund Balances	$ 228,453,750	$ 3,791,708
Total Liabilities and Fund Balances	$ 228,453,750	$ 3,791,708

Capital Projects				
Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
$ 155,810	$ 1,000,866	$ 1,387,903	$ 13,500	$ 233,116,673
124,414	801,879	1,105,512	—	3,718,669
—	—	654,107	—	654,107
$ 280,224	$ 1,802,745	$ 3,147,522	$ 13,500	$ 237,489,449
$ —	$ —	$ 184,425	$ —	$ 184,425
$ —	$ —	$ —	$ —	$ 228,453,750
—	1,563,948	—	13,500	1,577,448
280,224	238,797	2,963,097	—	7,273,826
$ 280,224	$ 1,802,745	$ 2,963,097	$ 13,500	$ 237,305,024
$ 280,224	$ 1,802,745	$ 3,147,522	$ 13,500	$ 237,489,449

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2002

	Debt Service	Georgia Building Authority (Hospital)
Revenues:		
Interest and Other Investment Income	$ —	$ 91,722
Rents and Royalties	—	—
Other	—	—
Total Revenues	$ 0	$ 91,722
Expenditures:		
General Government	$ —	$ 3,859
Education	—	—
Capital Outlay	—	—
Debt Service		
Principal	449,200,000	—
Interest	314,053,529	—
Accrued Interest on Bonds Retired in Advance	1,002,342	—
Discount on Bonds Retired in Advance	(4,428,967)	—
Total Expenditures	$ 759,826,904	$ 3,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (759,826,904)	$ 87,863
Other Financing Sources:		
Operating Transfers In	$ 853,026,690	$ —
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	$ 93,199,786	$ 87,863
Fund Balances, July 1 (Restated)	135,253,964	3,703,845
Fund Balances, June 30	$ 228,453,750	$ 3,791,708

Capital Projects				
Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
$ 6,763	$ 45,480	$ 212,712	$ 798	$ 357,475
—	—	58,159	—	58,159
—	—	279	—	279
$ 6,763	$ 45,480	$ 271,150	$ 798	$ 415,913
$ 1,651	$ 5,960	$ 843	$ —	$ 12,313
—	—	—	798	798
—	—	538,024	—	538,024
—	—	58,159	—	449,258,159
—	—	147,161	—	314,200,690
—	—	—	—	1,002,342
—	—	—	—	(4,428,967)
$ 1,651	$ 5,960	$ 744,187	$ 798	$ 760,583,359
$ 5,112	$ 39,520	$ (473,037)	$ 0	$ (760,167,446)
$ —	$ —	$ 538,024	$ —	$ 853,564,714
$ 5,112	$ 39,520	$ 64,987	$ 0	$ 93,397,268
275,112	1,763,225	2,898,110	13,500	143,907,756
$ 280,224	$ 1,802,745	$ 2,963,097	$ 13,500	$ 237,305,024

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Internal Service Funds

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Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, printing, motor pool and building space management.

The **Georgia Building Authority** is primarily responsible for constructing and maintaining State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Merit System of Personnel Administration** provides a career service to the classified employees in the executive branch based on the principles of merit, equal opportunity and freedom from political influence.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for self-insurance programs established by individual agreement, statute or administrative action:

The **Georgia State Indemnification Commission** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Hazard and Insurance Reserve Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marina insurance.

The **Liability Self-Insurance Reserve Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **State Employees' Assurance Department** is used to account for the accumulation of funds for the purpose of providing survivors' benefits for eligible members of the Employees' Retirement System.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire. This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

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Combining Statement of Net Assets
Internal Service Funds
June 30, 2002

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration	Merit System of Personnel Administration
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 3,826,241	$ 7,397,960	$ 8,322,426	$ 2,184,515
Investments	178,496	5,103,336	6,395,037	—
Accounts Receivable (Net of Allowances for Uncollectibles)	3,194,120	1,920,872	1,914,462	2,083,794
Due from Other Funds	1,036,973	813,245	—	26,534
Inventories	117,514	344,810	8,841,670	—
Prepaid Items	139,240	88,849	63,194	—
Noncurrent Assets:				
Investments	—	—	—	—
Capital Assets:				
Land	—	23,310,832	44,432	—
Buildings and Building Improvements	9,138,304	286,959,275	9,851,436	—
Improvements Other Than Buildings	—	4,954,083	—	—
Machinery and Equipment	3,715,785	3,680,711	15,817,770	809,927
Works of Art and Collections	—	1,239,575	—	—
Construction in Progress	—	155,753	—	—
Accumulated Depreciation	(825,295)	(100,427,769)	(15,455,201)	(664,637)
Total Assets	$ 20,521,378	$ 235,541,532	$ 35,795,226	$ 4,440,133
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	$ 152,395	$ 1,830,874	$ 437,630	$ 1,680,925
Due to Other Funds	70,092	13,418	3,488	6,584
Salaries/Withholdings Payable	9,793	10,003	279	235
Contracts Payable	—	49,563	—	—
Deferred Revenue	—	148,825	799,270	3,000
Customer Deposits	—	764,658	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	372,942	1,472,253	—	—
Noncurrent Liabilities:				
Compensated Absences Payable	994,193	—	746,052	742,131
Total Liabilities	$ 1,599,415	$ 4,289,594	$ 1,986,719	$ 2,432,875
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 12,028,794	$ 219,872,460	$ 10,258,437	$ 145,290
Restricted for:				
Surplus Property Working Capital	3,458,400	—	—	—
Unrestricted	3,434,769	11,379,478	23,550,070	1,861,968
Total Net Assets	$ 18,921,963	$ 231,251,938	$ 33,808,507	$ 2,007,258

Removal of Hazardous Materials, Agency for	Risk Management	Total Before Eliminations	Eliminations	Total
$ 496,617	$ 61,082,379	$ 83,310,138	$ —	$ 83,310,138
—	419,547,098	431,223,967	—	431,223,967
1,886	27,737	9,142,871	—	9,142,871
62,272	1,578,371	3,517,395	(1,036,973)	2,480,422
17,365	—	9,321,359	—	9,321,359
—	—	291,283	—	291,283
—	739,867,000	739,867,000	—	739,867,000
—	—	23,355,264	—	23,355,264
—	—	305,949,015	—	305,949,015
—	—	4,954,083	—	4,954,083
680,311	—	24,704,504	—	24,704,504
—	—	1,239,575	—	1,239,575
—	—	155,753	—	155,753
—	—	(117,372,902)	—	(117,372,902)
$ 1,258,451	$ 1,222,102,585	$ 1,519,659,305	$ (1,036,973)	$ 1,518,622,332
$ 559,848	$ 365,673	$ 5,027,345	$ —	$ 5,027,345
—	1,036,973	1,130,555	(1,036,973)	93,582
—	—	20,310	—	20,310
—	—	49,563	—	49,563
—	—	951,095	—	951,095
—	—	764,658	—	764,658
—	353,034,255	353,034,255	—	353,034,255
—	—	1,845,195	—	1,845,195
—	—	2,482,376	—	2,482,376
$ 559,848	$ 354,436,901	$ 365,305,352	$ (1,036,973)	$ 364,268,379
$ 680,311	$ —	$ 242,985,292	$ —	$ 242,985,292
—	—	3,458,400	—	3,458,400
18,292	867,665,684	907,910,261	—	907,910,261
$ 698,603	$ 867,665,684	$ 1,154,353,953	$ 0	$ 1,154,353,953

Combining Statement of Net Assets
Internal Service Funds
Risk Management
June 30, 2002

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 34,185,550	$ 2,364,811	$ 36,000
Investments	227,647,879	15,747,714	13,028,000
Receivables (Net of Allowances for Uncollectibles)			
Other			
Miscellaneous	27,705	12	—
Due From Other Funds	164,514	1,777	1,123,000
Noncurrent Assets:			
Investments	—	—	739,867,000
Total Assets	$ 262,025,648	$ 18,114,314	$ 754,054,000
Liabilities			
Current Liabilities:			
Accounts Payable and Other Accruals	$ —	$ —	$ —
Claims and Judgments Payable	136,782,000	7,572,815	—
Due to Other Funds	358,149	36,939	—
Total Liabilities	$ 137,140,149	$ 7,609,754	$ 0
Net Assets			
Unrestricted	$ 124,885,499	$ 10,504,560	$ 754,054,000

State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ 138,186	$ 701,494	$ 29,173	$ 607,630	$ 23,019,535	$ 61,082,379
920,208	4,671,381	194,266	4,046,317	153,291,333	419,547,098
20	—	—	—	—	27,737
	—	—	15,840	273,240	1,578,371
—	—	—	—	—	739,867,000
$ 1,058,414	$ 5,372,875	$ 223,439	$ 4,669,787	$ 176,584,108	$ 1,222,102,585
$ —	$ —	$ —	$ —	$ 365,673	$ 365,673
534,440	—	—	3,165,000	204,980,000	353,034,255
—	—	—	—	641,885	1,036,973
$ 534,440	$ 0	$ 0	$ 3,165,000	$ 205,987,558	$ 354,436,901
$ 523,974	$ 5,372,875	$ 223,439	$ 1,504,787	$ (29,403,450)	$ 867,665,684

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
Operating Revenues:			
Contributions/Premiums	$ —	$ —	$ —
Rents and Royalties	—	33,489,947	—
Sales and Services	7,766,309	9,251,574	34,605,116
Other	212,172	22,010	—
Total Operating Revenues	$ 7,978,481	$ 42,763,531	$ 34,605,116
Operating Expenses:			
Personal Services	$ 14,033,421	$ 15,911,950	$ 7,543,853
Services and Supplies	10,946,916	27,149,222	20,024,029
Benefits	—	—	—
Claims and Judgments	—	—	—
Depreciation	9,788,948	9,245,062	1,648,536
Total Operating Expenses	$ 34,769,285	$ 52,306,234	$ 29,216,418
Operating Income (Loss)	$ (26,790,804)	$ (9,542,703)	$ 5,388,698
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	$ 14,643	$ 458,928	$ 370,674
Interest Expense	—	—	(113)
Other	(43,313,911)	(31,869)	(401,748)
Total Nonoperating Revenues (Expenses)	$ (43,299,268)	$ 427,059	$ (31,187)
Income (Loss) Before Contributions and Transfers	$ (70,090,072)	$ (9,115,644)	$ 5,357,511
Capital Contributions	$ —	$ 2,829,335	$ —
Transfers:			
Transfers In	$ 49,310,500	$ 2,896,672	$ —
Transfers Out	(46,088,819)	(3,500,000)	—
Net Transfers	$ 3,221,681	$ (603,328)	$ 0
Change in Net Assets	$ (66,868,391)	$ (6,889,637)	$ 5,357,511
Net Assets, July 1 (Restated)	85,790,354	238,141,575	28,450,996
Net Assets, June 30	$ 18,921,963	$ 231,251,938	$ 33,808,507

Merit System of Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management	Total Before Eliminations	Eliminations	Total
$ —	$ —	$ 116,092,432	$ 116,092,432	$	$ 116,092,432
8,400	—	—	33,498,347	—	33,498,347
15,162,993	181,226	—	66,967,218	—	66,967,218
—	—	1,456	235,638	—	235,638
$ 15,171,393	$ 181,226	$ 116,093,888	$ 216,793,635	$ 0	$ 216,793,635
$ 8,412,419	$ —	$ —	$ 45,901,643	$	$ 45,901,643
6,996,802	587,218	17,742,436	83,446,623	—	83,446,623
—	—	18,227,000	18,227,000	—	18,227,000
—	—	97,179,943	97,179,943	—	97,179,943
113,114	—	—	20,795,660	—	20,795,660
$ 15,522,335	$ 587,218	$ 133,149,379	$ 265,550,869	$ 0	$ 265,550,869
$ (350,942)	$ (405,992)	$ (17,055,491)	$ (48,757,234)	$ 0	$ (48,757,234)
$ —	$ —	$ (2,472,747)	$ (1,628,502)	$ —	$ (1,628,502)
—	—	—	(113)	—	(113)
—	—	—	(43,747,528)	—	(43,747,528)
$ 0	$ 0	$ (2,472,747)	$ (45,376,143)	$ 0	$ (45,376,143)
$ (350,942)	$ (405,992)	$ (19,528,238)	$ (94,133,377)	$ 0	$ (94,133,377)
$ —	$ —	$ —	$ 2,829,335	$ —	$ 2,829,335
$ —	$ 405,335	$ 496,395	$ 53,108,902	$ (3,798,402)	$ 49,310,500
(511,290)	—	—	(50,100,109)	3,798,402	(46,301,707)
$ (511,290)	$ 405,335	$ 496,395	$ 3,008,793	$ 0	$ 3,008,793
$ (862,232)	$ (657)	$ (19,031,843)	$ (88,295,249)	$ 0	$ (88,295,249)
2,869,490	699,260	886,697,527	1,242,649,202	—	1,242,649,202
$ 2,007,258	$ 698,603	$ 867,665,684	$ 1,154,353,953	$ 0	$ 1,154,353,953

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2002

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
Operating Revenues:			
Contributions/Premiums	$ 38,033,428	$ 2,335,602	$ 14,364,000
Other	—	—	—
Total Operating Revenues	$ 38,033,428	$ 2,335,602	$ 14,364,000
Operating Expenses:			
Services and Supplies	$ 4,842,597	$ 5,403,357	$ 225,000
Benefits	—	—	18,227,000
Claims and Judgments	36,381,634	4,606,849	—
Total Operating Expenses	$ 41,224,231	$ 10,010,206	$ 18,452,000
Operating Income (Loss)	$ (3,190,803)	$ (7,674,604)	$ (4,088,000)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	16,672,517	1,202,402	(32,558,000)
Income (Loss) Before Transfers	$ 13,481,714	$ (6,472,202)	$ (36,646,000)
Operating Transfers:			
Transfers In	—	—	—
Change in Net Assets	$ 13,481,714	$ (6,472,202)	$ (36,646,000)
Net Assets, July 1	111,403,785	16,976,762	790,700,000
Transfer of Equity	—	—	—
Net Assets, June 30	$ 124,885,499	$ 10,504,560	$ 754,054,000

State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ —	$ 215,520	$ 2,914,325	$ 58,229,557	$ 116,092,432
—	—	—	—	1,456	1,456
$ 0	$ 0	$ 215,520	$ 2,914,325	$ 58,231,013	$ 116,093,888
$ —	$ —	$ —	$ 9,000	$ 7,262,482	$ 17,742,436
—	—	—	—	—	18,227,000
284,074	—	—	3,608,814	52,298,572	97,179,943
$ 284,074	$ 0	$ 0	$ 3,617,814	$ 59,561,054	$ 133,149,379
$ (284,074)	$ 0	$ 215,520	$ (703,489)	$ (1,330,041)	$ (17,055,491)
18,652	372,875	7,919	358,846	11,452,042	(2,472,747)
$ (265,422)	$ 372,875	$ 223,439	$ (344,643)	$ 10,122,001	$ (19,528,238)
496,395	—	—	—	—	496,395
$ 230,973	$ 372,875	$ 223,439	$ (344,643)	$ 10,122,001	$ (19,031,843)
5,293,001	0	0	1,849,430	(39,525,451)	886,697,527
(5,000,000)	5,000,000	—	—	—	0
$ 523,974	$ 5,372,875	$ 223,439	$ 1,504,787	$ (29,403,450)	$ 867,665,684

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	Administrative Services, Department of	Building Authority, Georgia
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 19,915,117	$ 42,326,810
Cash Received from Required Contributions/Premiums	—	—
Cash Paid to Vendors	(11,222,989)	(27,152,248)
Cash Paid to Employees	(12,773,654)	(16,227,967)
Cash Paid for Benefits	—	—
Cash Paid for Claims and Judgments	—	—
Other Operating Items (Net)	—	—
Net Cash Provided by (Used in) Operating Activities	$ (4,081,526)	$ (1,053,405)
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	$ 49,310,500	$ 2,896,672
Transfers to Other Funds	(46,088,819)	(3,500,000)
Other Noncapital Items (Net)	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	$ 3,221,681	$ (603,328)
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	$ —	$ 2,829,335
Proceeds from Sale of Capital Assets	—	16,844
Acquisition and Construction of Capital Assets	(1,487,485)	(2,857,533)
Interest Paid on Note	—	—
Net Cash Used in Capital and Related Financing Activities	$ (1,487,485)	$ (11,354)
Cash Flows from Investing Activities:		
Purchase of Investments (Net)	$ (118,679)	$ (3,114,909)
Interest and Dividends Received	14,643	458,928
Net Cash Used in Investing Activities	$ (104,036)	$ (2,655,981)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (2,451,366)	$ (4,324,068)
Cash and Cash Equivalents, July 1	6,277,607	11,722,028
Cash and Cash Equivalents, June 30	$ 3,826,241	$ 7,397,960

Correctional Industries Administration	Merit System of Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management	Total
$ 35,622,186	$ 15,657,806	$ 197,785	$ —	$ 113,719,704
—	—	—	114,556,904	114,556,904
(20,464,245)	(6,065,261)	(372,131)	(17,005,270)	(82,282,144)
(7,505,123)	(8,382,868)	—	—	(44,889,612)
—	—	—	(21,364,000)	(21,364,000)
—	—	—	(95,926,010)	(95,926,010)
—	—	—	1,436	1,436
$ 7,652,818	$ 1,209,677	$ (174,346)	$ (19,736,940)	$ (16,183,722)
$ —	$ —	$ 405,335	$ 496,395	$ 53,108,902
—	(511,290)	—	—	(50,100,109)
179,959	—	—	—	179,959
$ 179,959	$ (511,290)	$ 405,335	$ 496,395	$ 3,188,752
$ —	$ —	$ —	$ —	$ 2,829,335
—	—	—	—	16,844
(3,244,591)	(15,358)	—	—	(7,604,967)
(113)	—	—	—	(113)
$ (3,244,704)	$ (15,358)	$ 0	$ 0	$ (4,758,901)
$ (4,938,152)	$ —	$ —	$ (67,594,427)	$ (75,766,167)
370,674	—	—	53,517,760	54,362,005
$ (4,567,478)	$ 0	$ 0	$ (14,076,667)	$ (21,404,162)
$ 20,595	$ 683,029	$ 230,989	$ (33,317,212)	$ (39,158,033)
8,301,831	1,501,486	265,628	94,399,591	122,468,171
$ 8,322,426	$ 2,184,515	$ 496,617	$ 61,082,379	$ 83,310,138

(continued)

Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Fiscal Year Ended June 30, 2002

	Administrative Services, Department of	Building Authority, Georgia
Operating Income (Loss)	$ (26,790,804)	$ (9,542,703)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	$ 9,788,948	$ 9,245,062
Other	640,589	—
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	1,301,160	141,904
Decrease (Increase) in Due from Other Funds	10,489,444	(813,245)
Decrease in Due from Component Units	146,032	—
Decrease (Increase) in Inventories	—	(16,490)
Decrease (Increase) in Prepaid Items	426,977	(88,849)
Increase (Decrease) in Accounts Payable and Other Accruals	(986,754)	82,145
Increase (Decrease) in Due to Other Funds	70,092	(1,722)
Increase (Decrease) in Salaries/Withholdings Payable	(98,707)	517
Increase in Claims and Judgments Payable	—	—
Increase in Contracts Payable	—	21,890
Increase (Decrease) in Deferred Revenue	—	148,825
Increase in Customer Deposits	—	85,795
Increase (Decrease) in Compensated Absences Payable	931,497	(316,534)
Total Adjustments	$ 22,709,278	$ 8,489,298
Net Cash Provided by (Used in) Operating Activities	$ (4,081,526)	$ (1,053,405)
Noncash Investing, Capital, and Financing Activities:		
Net Decrease in Fair Value of Investments	$ —	$ —

Correctional Industries Administration	Merit System of Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management	Total
$ 5,388,698	$ (350,942)	$ (405,992)	$ (17,055,491)	$ (48,757,234)
$ 1,648,536	$ 113,114	$ —	$ —	$ 20,795,660
—	—	—	—	640,589
219,761	515,552	78,831	42,823	2,300,031
—	(26,534)	(62,272)	(1,578,371)	8,009,022
—	—	—	—	146,032
(530,670)	—	1,408	—	(545,752)
(15,242)	—	—	—	322,886
100,247	1,018,914	213,679	365,673	793,904
3,488	(87,373)	—	(2,765,507)	(2,781,022)
279	55	—	—	(97,856)
—	—	—	1,253,933	1,253,933
—	—	—	—	21,890
799,270	(2,605)	—	—	945,490
—	—	—	—	85,795
38,451	29,496	—	—	682,910
$ 2,264,120	$ 1,560,619	$ 231,646	$ (2,681,449)	$ 32,573,512
$ 7,652,818	$ 1,209,677	$ (174,346)	$ (19,736,940)	$ (16,183,722)
$ —	$ —	$ —	$ (55,990,507)	$ (55,990,507)

Combining Statement of Cash Flows
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2002

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
Cash Flows from Operating Activities:			
Cash Received from Required Contributions/Premiums	$ 37,863,429	$ 2,338,587	$ 13,241,000
Cash Paid to Vendors	(4,783,914)	(5,399,692)	(225,000)
Cash Paid for Benefits	—	—	(21,364,000)
Cash Paid for Claims and Judgments	(33,671,634)	(7,081,866)	—
Other Operating Items (Net)	—	—	—
Net Cash Provided by (Used in) Operating Activities	$ (592,119)	$ (10,142,971)	$ (8,348,000)
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In	$ —	$ —	$ —
Transfer of Equity	—	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	$ 0	$ 0	$ 0
Cash Flows from Investing Activities:			
Purchase of Investments (Net)	$ (32,740,821)	$ 5,561,404	$ (16,541,385)
Interest on Investments	15,793,987	1,252,418	24,896,385
Net Cash Provided by (Used in) Investing Activities	$ (16,946,834)	$ 6,813,822	$ 8,355,000
Net Increase (Decrease) in Cash and Cash Equivalents	$ (17,538,953)	$ (3,329,149)	$ 7,000
Cash and Cash Equivalents, July 1	51,724,503	5,693,960	29,000
Cash and Cash Equivalents, June 30	$ 34,185,550	$ 2,364,811	$ 36,000
Operating Income (Loss)	$ (3,190,803)	$ (7,674,604)	$ (4,088,000)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets and Liabilities:			
Decrease (Increase) in Other Receivables	$ (5,485)	$ 4,762	$ —
Increase in Due from Other Funds	(164,514)	(1,777)	(1,123,000)
Increase in Accounts Payable and Other Accruals	—	—	—
Increase (Decrease) in Claims and Judgments Payable	2,710,000	(2,475,017)	—
Increase (Decrease) in Due to Other Funds	58,683	3,665	(3,137,000)
Total Adjustments	$ 2,598,684	$ (2,468,367)	$ (4,260,000)
Net Cash Provided by (Used in) Operating Activities	$ (592,119)	$ (10,142,971)	$ (8,348,000)
Noncash Investing Activities:			
Net Increase (Decrease) in Fair Value of Investments	$ 878,530	$ (50,016)	$ (57,454,385)

State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ —	$ 215,520	$ 2,902,183	$ 57,996,185	$ 114,556,904
—	—	—	(9,000)	(6,587,664)	(17,005,270)
—	—	—	—	—	(21,364,000)
(434,124)	—	—	(3,643,814)	(51,094,572)	(95,926,010)
(20)	—	—	—	1,456	1,436
$ (434,144)	$ 0	$ 215,520	$ (750,631)	$ 315,405	$ (19,736,940)
$ 496,395	$ —	$ —	$ —	$ —	$ 496,395
(5,000,000)	5,000,000	—	—	—	0
$ (4,503,605)	$ 5,000,000	$ 0	$ 0	$ 0	$ 496,395
$ 3,747,803	$ (4,597,778)	$ (191,205)	$ (54,430)	$ (22,778,015)	$ (67,594,427)
70,028	299,272	4,858	350,698	10,850,114	53,517,760
$ 3,817,831	$ (4,298,506)	$ (186,347)	$ 296,268	$ (11,927,901)	$ (14,076,667)
$ (1,119,918)	$ 701,494	$ 29,173	$ (454,363)	$ (11,612,496)	$ (33,317,212)
1,258,104	0	0	1,061,993	34,632,031	94,399,591
$ 138,186	$ 701,494	$ 29,173	$ 607,630	$ 23,019,535	$ 61,082,379
$ (284,074)	$ 0	$ 215,520	$ (703,489)	$ (1,330,041)	$ (17,055,491)
$ (20)	$ —	$ —	$ 3,698	$ 39,868	$ 42,823
—	—	—	(15,840)	(273,240)	(1,578,371)
—	—	—	—	365,673	365,673
(150,050)	—	—	(35,000)	1,204,000	1,253,933
—	—	—	—	309,145	(2,765,507)
$ (150,070)	$ 0	$ 0	$ (47,142)	$ 1,645,446	$ (2,681,449)
$ (434,144)	$ 0	$ 215,520	$ (750,631)	$ 315,405	$ (19,736,940)
$ (51,376)	$ 73,603	$ 3,061	$ 8,148	$ 601,928	$ (55,990,507)

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Fiduciary Funds

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Fiduciary funds are used to account for assets held by the State of Georgia in a fiduciary capacity. The State has the following fiduciary funds.

PENSION TRUST FUNDS

Pension Trust Funds are used to account for activities of the public employee retirement systems. The State's pension trust funds are described below:

The **Class Nine Fire Department Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia.

The **Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State of Georgia.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State of Georgia and its political subdivisions.

The **Firefighter's Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firemen of the State of Georgia.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for all members of the General Assembly.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State of Georgia.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State of Georgia.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court Clerks of the State of Georgia.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the superior court judges of the State of Georgia.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in the public schools and the University System of Georgia.

INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates.

The **Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Keds Corporation Settlement Fund** is responsible for the direct delivery of services to women between fifteen and forty-four years of age with specific priority being given to job training in non-traditional employment fields.

The **Real Estate Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

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Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2002

	Class Nine Fire Department Pension Fund	Defined Contribution Plan	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System
Assets						
Cash and Cash Equivalents	$ 24,403	$ 650,253	$ 3,000	$ 8,726,916	$ 1,861,138	$ 138,160
Receivables						
Interest and Dividends	—	94,000	—	75,015,000	—	—
Other	—	847,681	—	12,223,092	—	81,498
Investments						
Investment Accounts	1,002,042	—	—	—	39,965,370	—
Pooled Investments	—	27,093,945	—	11,470,260,903	—	213,500,190
Mutual Funds	—	—	—	—	—	—
Repurchase Agreements	—	7,566,000	—	—	—	—
U. S. and Foreign Government Obligations	—	7,664,000	—	—	81,332,676	—
Common Stocks	—	—	—	—	219,954,161	—
Corporate Bonds/Notes/Debentures	—	—	—	—	75,992,970	—
Mortgage Investments	—	—	—	3,744,000	—	—
Capital Assets						
Land	—	—	—	—	44,000	—
Buildings	—	—	—	—	108,724	—
Software	—	—	—	—	—	—
Machinery and Equipment	—	—	—	33,000	104,690	—
Accumulated Depreciation	—	—	—	—	—	—
Total Assets	$ 1,026,445	$ 43,915,879	$ 3,000	$ 11,570,002,911	$ 419,363,729	$ 213,719,848
Liabilities						
Cash Overdraft	$ —	$ —	$ —	$ —	$ —	$ —
Accounts Payable and Other Accruals	—	14,000	3,000	10,372,739	—	107,000
Salaries/Withholdings Payable	—	—	—	27,948	—	—
Due to Other Funds	—	—	—	1,085,010	—	—
Deferred Revenue	—	—	—	—	—	—
Total Liabilities	$ 0	$ 14,000	$ 3,000	$ 11,485,697	$ 0	$ 107,000
Net Assets						
Held in Trust for Pension Benefits	$ 1,026,445	$ 43,901,879	$ 0	$ 11,558,517,214	$ 419,363,729	$ 213,612,848

Judges of the Probate Courts Retirement Fund	Legislative Retirement System	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Total
$ 8,799	$ —	$ 1,460,808	$ —	$ 18,550	$ 1,281,703	$ 87,000	$ 96,806,329	$ 111,067,059
—	—	—	—	—	478,439	—	214,843,000	290,430,439
—	—	—	4,000	—	306,917	3,000	154,260,914	167,727,102
7,175,698	—	19,472,670	—	(7,892)	—	—	—	67,607,888
—	25,530,178	58,013,172	697,942,000	—	22,022,379	930,000	—	12,515,292,767
—	—	—	—	7,608,614	—	—	—	7,608,614
—	—	—	—	—	—	—	776,893,000	784,459,000
13,058,848	—	80,251,938	—	10,083,280	29,729,412	—	15,697,111,000	15,919,231,154
17,808,331	—	103,408,344	—	23,187,440	—	—	20,142,071,000	20,506,429,276
7,755,734	—	58,173,482	—	11,840,941	—	—	749,235,000	902,998,127
—	—	—	—	8,075	—	—	3,744,000	7,496,075
—	—	5,000	—	—	—	—	—	49,000
—	—	305,296	—	—	—	—	—	414,020
—	—	—	—	—	—	—	1,525,000	1,525,000
—	—	142,588	—	—	—	—	684,000	964,278
—	—	—	—	—	—	—	(150,000)	(150,000)
$ 45,807,410	$ 25,530,178	$ 321,233,298	$ 697,946,000	$ 52,739,008	$ 53,818,850	$ 1,020,000	$ 37,837,023,243	$ 51,283,149,799
$ —	$ 8,437	$ —	$ 73,000	$ —	$ —	$ —	$ —	$ 81,437
—	15,000	—	412,000	—	7,251	42,000	5,488,018	16,461,008
—	—	—	—	—	—	—	105,225	133,173
—	38,000	—	—	—	—	—	—	1,123,010
—	—	—	—	—	5,682	—	—	5,682
$ 0	$ 61,437	$ 0	$ 485,000	$ 0	$ 12,933	$ 42,000	$ 5,593,243	$ 17,804,310
$ 45,807,410	$ 25,468,741	$ 321,233,298	$ 697,461,000	$ 52,739,008	$ 53,805,917	$ 978,000	$ 37,831,430,000	$ 51,265,345,489

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Fiscal Year Ended June 30, 2002

	Class Nine Fire Department Pension Fund	Defined Contribution Plan	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System
Additions:						
Contributions						
Employer	$ —	$ —	$ 117,000	$ 233,229,000	$ —	$ 20,000
Plan Members	28,360	12,678,000	—	57,920,000	1,737,896	3,527,000
Other Contributions						
Fines and Bond Forfeitures	—	—	—	—	—	—
Insurance Company Premium Taxes	492,104	—	—	—	14,738,797	—
Other Fees	—	—	—	—	—	—
Interest and Other Investment Income						
Dividends and Interest	—	1,923,923	—	382,252,440	11,115,918	7,144,245
Net Depreciation in Fair Value of Investments	—	(2,886,904)	—	(860,822,039)	—	(16,087,531)
Less: Investment Expense	—	(37,814)	—	(10,099,743)	—	(186,147)
Net Gain (Loss) on Disposal of Investment Securities	—	—	—	—	(9,520,819)	—
Other						
Transfers from Other Funds	—	—	—	—	—	—
Miscellaneous	23	—	—	—	207,739	—
Total Additions	$ 520,487	$ 11,677,205	$ 117,000	$ (197,520,342)	$ 18,279,531	$ (5,582,433)
Deductions:						
General and Administrative Expenses	$ —	$ 310,000	$ —	$ 7,971,000	$ 1,972,677	$ —
Benefits	—	—	117,000	574,602,000	15,259,696	5,861,000
Refunds	465	7,877,000	—	5,430,000	146,768	120,000
Total Deductions	$ 465	$ 8,187,000	$ 117,000	$ 588,003,000	$ 17,379,141	$ 5,981,000
Change in Net Assets Held in Trust for Pension Benefits	$ 520,022	$ 3,490,205	$ 0	$ (785,523,342)	$ 900,390	$ (11,563,433)
Net Assets, July 1 (Restated)	506,423	40,411,674	0	12,344,040,556	418,463,339	225,176,281
Net Assets, June 30	$ 1,026,445	$ 43,901,879	$ 0	$ 11,558,517,214	$ 419,363,729	$ 213,612,848

Judges of the Probate Courts Retirement Fund	Legislative Retirement System	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Total
$ —	$ 71,055	$ —	$ 11,623,000	$ —	$ —	$ 2,042,000	$ 714,223,365	$ 961,325,420
163,412	291,000	1,651,388	1,275,000	121,848	93,000	13,000	403,952,000	483,451,904
466,669	—	14,159,970	—	2,302,216	628,418	—	—	17,557,273
—	—	—	—	—	—	—	—	15,230,901
134,978	—	—	—	—	1,865,919	—	—	2,000,897
1,369,104	1,103,469	9,734,183	22,642,642	1,525,898	24,124	583,795	1,235,511,000	1,674,930,741
—	(2,491,748)	—	(50,982,540)	—	(2,452,675)	(1,314,483)	(2,816,348,000)	(3,753,385,920)
—	(27,126)	—	(613,102)	—	(15,000)	(17,312)	(29,640,000)	(40,636,244)
895,937	—	(7,593,323)	—	(1,041,540)	—	—	—	(17,259,745)
—	—	—	—	—	—	—	2,693,635	2,693,635
17,855	—	180,270	625,000	—	—	—	—	1,030,887
$ 3,047,955	$ (1,053,350)	$ 18,132,488	$ (15,430,000)	$ 2,908,422	$ 143,786	$ 1,307,000	$ (489,608,000)	$ (653,060,251)
$ 291,324	$ —	$ 1,662,042	$ 625,000	$ 512,269	$ 108,158	$ —	$ 15,966,000	$ 29,418,470
1,882,895	1,240,000	12,709,026	34,794,000	2,938,855	2,903,930	2,068,000	1,284,371,000	1,938,747,402
—	16,000	135,738	261,000	1,800	—	—	41,250,000	55,238,771
$ 2,174,219	$ 1,256,000	$ 14,506,806	$ 35,680,000	$ 3,452,924	$ 3,012,088	$ 2,068,000	$ 1,341,587,000	$ 2,023,404,643
$ 873,736	$ (2,309,350)	$ 3,625,682	$ (51,110,000)	$ (544,502)	$ (2,868,302)	$ (761,000)	$ (1,831,195,000)	$ (2,676,464,894)
44,933,674	27,778,091	317,607,616	748,571,000	53,283,510	56,674,219	1,739,000	39,662,625,000	53,941,810,383
$ 45,807,410	$ 25,468,741	$ 321,233,298	$ 697,461,000	$ 52,739,008	$ 53,805,917	$ 978,000	$ 37,831,430,000	$ 51,265,345,489

Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2002

	Georgia Extended Asset Pool	Georgia Fund 1	Total
Assets			
Cash and Cash Equivalents	$ 27,788,521	$ 2,417,721,417	$ 2,445,509,938
Investments, at Fair Value			
Pooled Investments	198,368,818	1,937,902,497	2,136,271,315
Net Assets			
Held in Trust for Pool Participants	$ 226,157,339	$ 4,355,623,914	$ 4,581,781,253

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2002

	Georgia Extended Asset Pool	Georgia Fund 1	Total
Additions:			
Pool Participant Deposits	$ 217,890,546	$ 5,715,147,318	$ 5,933,037,864
Interest and Other Investment Income			
Dividends and Interest	3,777,450	103,915,872	107,693,322
Net Appreciation in Fair Value of Investments	4,409,643	—	4,409,643
Less: Investment Expense	—	(971,726)	(971,726)
Total Additions	$ 226,077,639	$ 5,818,091,464	$ 6,044,169,103
Deductions:			
Pool Participant Withdrawals	$ 8,965,959	$ 5,569,320,268	$ 5,578,286,227
Change in Net Assets Held in Trust for Pool Participants	$ 217,111,680	$ 248,771,196	$ 465,882,876
Net Assets, July 1	9,045,659	4,106,852,718	4,115,898,377
Net Assets, June 30	$ 226,157,339	$ 4,355,623,914	$ 4,581,781,253

Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2002

	Auctioneers Recovery Fund	Keds Corporation Settlement Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
Assets					
Cash and Cash Equivalents	$ 324,957	$ 64,999	$ 1,077,899	$ 9,761,265	$ 11,229,120
Receivables (Net of Allowances for Uncollectibles)					
Other	—	—	32,225	—	32,225
Investments, at Fair Value					
Pooled Investments	—	—	801,164	7,210,109	8,011,273
Capital Assets					
Machinery and Equipment	—	—	—	132,755	132,755
Accumulated Depreciation	—	—	—	(83,992)	(83,992)
Total Assets	$ 324,957	$ 64,999	$ 1,911,288	$ 17,020,137	$ 19,321,381
Liabilities					
Salaries/Withholdings Payable	$ —	$ —	$ —	$ 66	$ 66
Compensated Absences Payable	—	—	—	97,179	97,179
Salaries/Withholdings Payable	$ 0	$ 0	$ 0	$ 97,245	$ 97,245
Net Assets					
Held in Trust for Other Purposes	$ 324,957	$ 64,999	$ 1,911,288	$ 16,922,892	$ 19,224,136

Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2002

	Auctioneers Recovery Fund	Keds Corporation Settlement Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
Additions:					
Contributions/Assessments					
Plan Members	$ 24,300	$ —	$ 172,136	$ 63,250,070	$ 63,446,506
Interest and Other Investment Income					
Dividends and Interest	—	—	42,960	1,376,244	1,419,204
Other					
Miscellaneous	—	—	—	4,311	4,311
Total Additions	$ 24,300	$ 0	$ 215,096	$ 64,630,625	$ 64,870,021
Deductions:					
General and Administrative Expenses	$ 37	$ —	$ 168,856	$ 1,912,943	$ 2,081,836
Benefits	—	—	—	78,681,701	78,681,701
Total Deductions	$ 37	$ 0	$ 168,856	$ 80,594,644	$ 80,763,537
Change in Net Assets Held in Trust for Other Purposes	$ 24,263	$ 0	$ 46,240	$ (15,964,019)	$ (15,893,516)
Net Assets, July 1 (Restated)	300,694	64,999	1,865,048	32,886,911	35,117,652
Net Assets, June 30	$ 324,957	$ 64,999	$ 1,911,288	$ 16,922,892	$ 19,224,136

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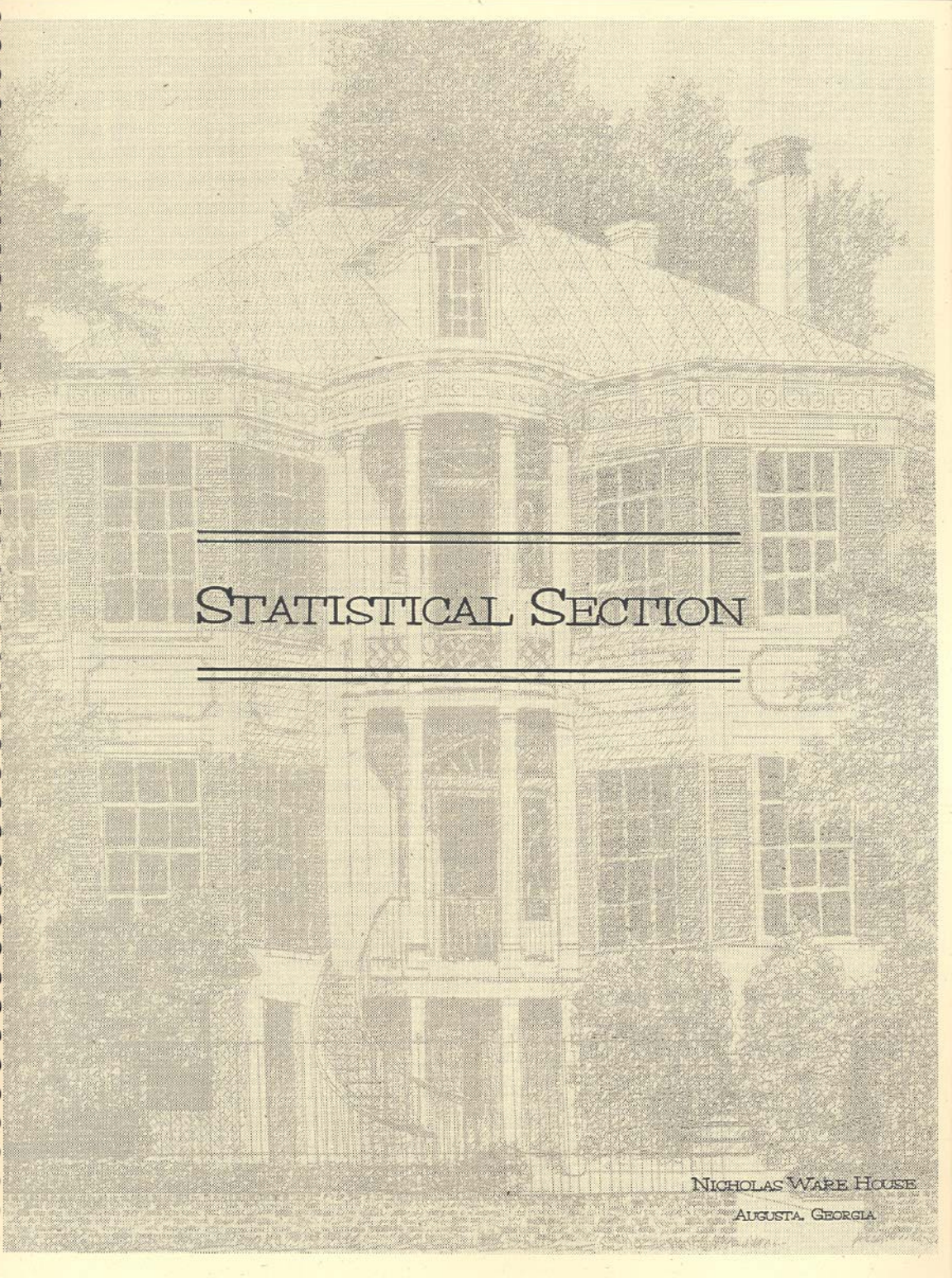
Statistical Section



Nicholas Ware House
Augusta, Georgia

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General Governmental Expenditures by Function
For the Last Ten Fiscal Years
Table 1

	2002 (2)	2001 (1)	2000	1999
Expenditures by Function				
General Government	$ 839,638,787	$ 788,458,919	$ 822,268,403	$ 744,530,087
Education (3)	7,567,495,024	7,752,818,250	6,957,849,312	6,531,830,567
Health and Welfare	10,090,828,968	8,300,962,838	7,498,521,721	6,786,022,660
Transportation	1,716,885,005	1,626,360,119	1,581,318,460	1,638,089,933
Public Safety	1,686,970,829	1,587,054,229	1,443,073,761	1,333,092,110
Economic Development and Assistance	708,073,548	455,033,691	453,860,928	347,537,124
Culture and Recreation	235,249,403	205,578,201	203,220,402	192,199,439
Conservation	86,890,618	84,148,200	49,256,757	51,118,994
Capital Outlay	761,809,692	522,931,260	337,817,613	392,319,581
Debt Service	766,751,641	704,233,985	702,751,701	681,973,633
Total Expenditures- All Governmental Fund Types	$ 24,460,593,515	$ 22,027,579,692	$ 20,049,939,058	$ 18,698,714,128

(1) Prior to fiscal year 2002, this summary included expenditures of the State's governmental fund types which included the General Fund, Capital Projects Funds, and the Debt Service Fund. The General Fund reported expenditures in the Education function for funds that were reclassified due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34.

(2) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds. These changes were necessary because of implementing GASB Statement No. 34. The comparibility of 2002 expenditure amounts to the 2001 and prior period amounts is affected.

(3) In fiscal year 1995, the state began recording a liability and related expenditures for teachers' summer salaries.

1998	1997	1996	1995	1994	1993
$ 653,302,692	$ 637,247,287	$ 471,240,748	$ 539,762,518	$ 409,630,033	$ 380,920,519
6,155,220,908	5,700,389,994	4,998,994,142	4,625,591,699	4,168,677,500	3,738,241,752
6,479,723,177	6,796,847,561	6,558,077,298	5,693,088,331	5,257,989,665	4,684,027,431
1,385,250,996	1,113,788,591	1,287,172,005	1,401,010,780	975,771,056	1,088,108,187
1,193,748,916	1,124,542,047	1,104,443,315	1,030,957,652	891,894,168	798,451,763
264,913,965	263,090,507	294,112,317	190,029,084	175,159,029	184,179,867
185,622,125	170,667,100	169,961,642	156,234,675	121,413,898	116,370,238
45,865,385	48,769,799	46,557,857	45,875,856	45,299,326	42,923,710
346,296,387	373,677,146	391,876,879	493,326,267	325,340,789	347,403,119
645,791,398	629,588,332	571,524,445	537,800,975	427,689,905	451,136,869
$ 17,355,735,949	$ 16,858,608,364	$ 15,893,960,648	$ 14,713,677,837	$ 12,798,865,369	$ 11,831,763,455

General Governmental Revenues by Source
For the Last Ten Fiscal Years
Table 2

	2002 (2)	2001 (1)	2000	1999
Revenues by Source				
Taxes (4)	$ 12,896,370,809	$ 13,695,968,855	$ 12,966,453,323	$ 12,021,751,940
Licenses and Permits	448,262,755	440,808,678	410,024,861	397,962,567
Intergovernmental	8,189,311,370	7,279,299,131	6,499,451,114	5,923,606,145
Sales and Services	1,678,090,064	565,762,607	629,416,207	581,123,782
Fines and Forfeits	257,484,265	214,379,855	246,188,571	41,657,448
Interest and Other Investment Income	244,858,100	502,015,939	348,716,046	300,699,674
Rents and Royalties	15,674,924	17,355,972	15,555,365	16,872,007
Contributions and Donations	229,162,798	206,596,674	274,246,976	187,061,598
Penalties and Interest on Taxes	6,457,440	9,684,355	8,045,497	5,991,314
Unclaimed Property	40,658,447	41,157,538	45,530,760	26,104,874
Lottery Proceeds	726,202,000	(1)	(1)	(1)
General Obligation Bond Proceeds	1,229,428,392	567,363,080	794,815,522	720,607,460
Other Revenue (3)	75,385,885	26,408,330	14,876,905	7,209,322
Total Revenues - All Governmental Fund Types	$ 26,037,347,249	$ 23,566,801,014	$ 22,253,321,147	$ 20,230,648,131

(1) Prior to fiscal year 2002, this summary included revenues of the State's governmental fund types which included the General Fund, Capital Projects Funds, the Debt Service Fund and proceeds from the issuance of general obligation bonds. The General Fund reported revenues for funds that were reclassified due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34.

(2) Beginning in fiscal year 2002, this summary includes revenues of the State's major and nonmajor governmental funds and proceeds from the issuance of general obligation bonds. These changes were necessary because of implementing GASB Statement No. 34. The comparibility of 2002 revenue amounts to the 2001 and prior period amounts is affected.

(3) The increase in Other Revenue in Fiscal Year 1994 is primarily due to the recognition of revenue in the General Fund for Distance Learning and Telemedicine funds; these funds were reflected previously in Agency Funds as the Universal Service Fund.

(4) In fiscal year 1995, the state began accounting for certain tax revenues on the modified accrual basis.

1998	1997	1996	1995	1994	1993
$ 11,439,170,422	$ 10,483,497,704	$ 9,891,126,837	$ 9,068,979,799	$ 8,337,801,318	$ 7,761,536,952
346,081,148	351,181,927	343,118,630	335,061,015	323,679,549	273,530,522
5,617,029,811	5,549,805,877	5,457,487,877	4,837,628,972	4,163,447,196	4,024,383,231
536,827,964	513,909,314	363,320,801	339,380,452	304,600,443	273,321,290
49,204,317	50,426,165	32,022,270	34,043,976	32,570,070	27,968,839
275,999,300	239,306,741	242,059,488	184,686,971	131,238,703	122,575,976
13,920,492	9,992,943	17,600,277	17,733,647	9,285,637	22,275,341
192,209,388	190,841,985	169,020,652	170,464,588	149,621,154	103,743,601
9,485,653	6,699,639	9,082,163	8,282,630	16,110,883	18,888,188
20,690,958	20,118,021	25,809,698	19,815,272	19,935,473	34,611,896
(1)	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**
257,123,411	373,248,075	960,650,338	727,775,339	977,957,328	356,333,042
5,409,857	32,522,511	6,781,951	24,833,072	121,670,497	6,437,851
$ 18,763,152,721	$ 17,821,550,902	$ 17,518,080,982	$ 15,768,685,733	$ 14,587,918,251	$ 13,025,606,729

State Tax Revenues by Source – All Governmental Fund Types
For the Last Ten Fiscal Years
Table 3

	2002	2001	2000	1999
Source:				
Income (*)	$ 7,149,142,900	$ 7,473,304,675	$ 7,108,385,607	$ 6,646,175,462
General Sales	4,563,023,950	5,127,697,977	4,709,213,152	4,323,189,194
Selective Sales				
Motor Fuel	458,562,074	444,185,975	447,580,578	428,150,221
Alcoholic Beverages	143,088,389	139,642,983	139,189,273	132,903,384
Cigars/Cigarettes	83,501,666	81,777,839	83,012,695	87,355,714
Insurance Premium	277,703,346	223,190,967	239,710,645	211,908,338
Estate	123,033,505	126,114,453	148,254,987	111,192,262
Property	55,635,434	49,042,785	44,606,200	40,727,315
Corporation Net Worth (*)	29,346,195	20,371,629	33,317,137	25,388,604
Other	13,333,350	10,639,572	13,183,049	14,761,446
Total Tax Revenues - All Governmental Fund Types	$ 12,896,370,809	$ 13,695,968,855	$ 12,966,453,323	$ 12,021,751,940

(1) In Fiscal Year 1995, the state began accounting for certain tax revenues on the modified accrual basis.

(*) Amounts restated between revenue functions are due to prior errors of adjusting certain tax revenue against Corporation Net Worth.

Source: Georgia Comprehensive Annual Financial Report

Note: Governmental Fund Types are described in the Notes to the Financial Statements.

1998	1997	1996	1995	1994	1993
$ 6,218,387,032	$ 5,490,241,749	$ 4,962,182,220	$ 4,502,308,762	$ 4,102,592,850	$ 3,850,571,615
4,238,397,531	4,062,494,318	3,954,442,920	3,651,583,790	3,361,513,613	3,072,269,685
405,269,766	387,418,653	391,550,566	379,119,386	365,243,573	345,758,031
126,825,895	124,667,603	121,702,379	114,681,538	110,633,761	111,976,311
80,051,470	76,391,777	91,248,012	86,176,720	83,186,371	84,714,936
212,839,904	204,744,512	196,508,650	187,190,136	162,867,502	196,175,858
84,808,642	60,295,856	66,538,071	73,607,282	87,808,192	39,103,941
36,021,442	35,630,751	33,091,530	31,106,689	29,969,838	28,039,074
24,013,610	22,491,188	23,722,938	21,931,918	18,830,421	18,428,111
12,555,130	19,121,297	50,139,551	21,273,578	15,155,197	14,499,390
$ 11,439,170,422	$ 10,483,497,704	$ 9,891,126,837	$ 9,068,979,799 (1)	$ 8,337,801,318	$ 7,761,536,952

Principal Nongovernmental Employers
June 30, 2002
Table 4

Company	Number of Employees
Wal-Mart Stores, Incorporated	43,071
Delta Air Lines, Incorporated *	24,000
Publix Super Markets, Incorporated	20,000
Shaw Industries, Incorporated *	19,451
BellSouth Corporation *	18,000
Mohawk Industries Incorportated *	16,186
Promina Health System *	13,800
Emory System of Health Care*	13,619
The Southern Company/Georgia Power Company *	12,809
Georgia-Pacific Corporation*	11,300
The Home Depot Incorporated*	11,132
United Parcel Service Incorporated*	10,495

* Indicates Georgia Headquarters

Source: Georgia Department of Industry, Trade and Tourism, February, 2003

Computation of Legal Debt Margin
June 30, 2002
Table 5

Treasury Receipts - Fiscal Year Ended June 30, 2001 (1)	$ 15,768,578,047
Legal Debt Margin:	
Highest Annual Commitments Permitted Under Constitutional Limitation (10% of above)	$ 1,576,857,805
Highest Total Annual Commitments in any Fiscal Year (Highest FY 2004)	$ 881,667,486
As a Percentage of FY 2001 State Treasury Receipts	5.59%
As a Percentage of FY 2002 State Treasury Receipts	5.83%

(1) Includes Indigent Care Trust Fund Receipts and Lottery Proceeds

Source: Georgia State Financing and Investment Commission

Ratio of Annual Debt Service Expenditures For General Obligation Debt to Total General Governmental Expenditures (1) For the Last Ten Fiscal Years
Table 6

Fiscal Year	General Bonded Debt			General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest and Other Fiscal Charges	Total Debt Service		
2002	$ 449,200,000	$ 310,626,904	$ 759,826,904	$ 24,460,593,515	3.11%
2001	395,515,000	292,821,352	688,336,352	22,027,579,692	3.12%
2000	434,875,000	260,790,770	695,665,770	20,049,939,058	3.47%
1999	448,960,000	230,772,839	679,732,839	18,698,714,128	3.64%
1998	387,030,000	258,317,069	645,347,069	17,355,735,949	3.72%
1997	392,165,000	236,835,498	629,000,498	16,858,608,364	3.73%
1996	352,300,000	218,523,118	570,823,118	15,893,960,648	3.59%
1995	350,385,000	186,826,275	537,211,275	14,713,677,837	3.65%
1994	246,840,000	179,738,306	426,578,306	12,798,865,369	3.33%
1993	258,548,346	191,022,895	449,571,241	11,831,763,455	3.80%

(1) See Table 1, Total General Governmental Expenditures

Source: Georgia Comprehensive Annual Financial Report

Georgia

Demographic Statistics
For the Last Ten Calendar Years
Table 7

Calendar Year	Population	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2002	8,560,310	28,821	1,496,012	5.10%
2001	8,383,915	28,523	1,470,634	4.00%
2000	8,186,453	27,790	1,444,937	3.70%
1999	7,788,240	26,522	1,422,941	4.00%
1998	7,642,207	25,481	1,401,291	4.20%
1997	7,486,242	23,945	1,346,761	4.50%
1996	7,353,225	23,090	1,311,126	4.60%
1995	7,102,000	21,840	1,271,903	4.90%
1994	7,055,000	20,873	1,233,362	5.20%
1993	6,917,000	19,916	1,205,357	5.80%

Source: Population - U. S. Department of Commerce, Bureau of the Census
Per Capita Income - U. S. Department of Commerce, Bureau of Economic Analysis
Public School Enrollment - Georgia Department of Education
Note: Calculation Method for Public School Enrollment Changed in 1990
Unemployment Rate - Georgia Department of Labor

Schedule of Bank Deposits
For the Last Ten Years
(Dollars in Thousands)
Table 8

Fiscal Year	Commercial Banks	Savings and Loan Associations	Total Deposits
2002	$ 103,777,634	$ 5,567,504	$ 109,345,138
2001*	107,703,666	4,815,840	112,519,506
2000	92,541,946	3,995,466	96,537,412
1999	44,295,000	4,600,000	48,895,000
1998	77,505,212	4,191,658	81,696,870
1997	42,235,312	4,798,940	47,034,252
1996	91,933,990	4,640,878	96,574,868
1995	66,895,898	5,107,013	72,002,911
1994	62,065,439	5,285,489	67,350,928
1993	60,063,284	5,180,763	65,244,047
1992	55,066,858	10,659,544	65,726,402

Source: Federal Reserve Bank of Atlanta, Research Department
* Total Deposits reported in Fiscal Year 2001 have been revised in Fiscal Year 2002.

Georgia

Miscellaneous Statistics
June 30, 2002
Table 9

Date Entered Union	January 2, 1788
Form of Government	Legislative-Executive-Judicial
Miles of State Highway	18,055
Land Area	59,441 Square Miles
State Police Protection:	
Number of Stations	48
Number of State Troopers	873
State Colleges and Universities:	
Number of Separate Institutions	34
Number of Active Educators	7,947
Number of Students	217,546
Recreation:	
Number of State Parks	47
Number of Historic Sites	15
Area of State Parks and Historic Sites	68,271

Sources:
Facts About the States, 1989 - Kane, Anzovin, Podell
Georgia Descriptions in Data, 1988 - Georgia Office of Planning and Budget
State and Metropolitan Area Data Book, 1991 - U. S. Department of Commerce
Georgia Department of Transportation
Georgia Department of Public Safety
Board of Regents of the University System of Georgia
Georgia Department of Natural Resources

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